Itinerant Professionals: Technical Contractors in a Knowledge Economy

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After World War II, bureaucratic employment relations, rooted in the ethos and institutions of the New Deal, dominated cultures of work for nearly three decades.1 The bureaucratic bargain was simple: As long as firms remained profitable and the economy strong, employers would provide employees with secure jobs in return for effort and loyalty. Since the mid-1980s, three developments have progressively undermined the bargain. First, in the name of efficiency and global competitiveness, firms in the economy's core have repeatedly laid off large numbers of employees independent of economic cycles. Moreover, for the first time in history, layoffs have targeted significant numbers of managers and professionals (Heckscher 1995; Osterman 1996; Cappelli 1999). Second, job tenure for men has become shorter and labor markets have become more volatile (Bureau of Labor Statistics 1998). The third and perhaps most radical break with the culture of bureaucratic employment has been the expansion of the contingent labor force (Barker and Christensen 1998).

The term “contingent labor” has been applied to a number of short-term employment arrangements, including part-time work, temporary employment, self-employment, contracting, outsourcing, and home-based work. Accordingly, estimates of the size of the contingent labor force vary widely. The most conservative come from the Bureau of Labor Statistics (BLS). Under the most liberal of its restricted definitions, the BLS estimates that 13.3 percent of Americans were contingently employed in 1995 (Polivka 1996a, 1996b; Cohn 1996a, 1996b; Cohany et al. 1998).2 Estimates for 1997 and 1999 were nearly identical (Bureau of Labor Statistics 1997, 2001). More liberal estimates suggest that the number may be as high as 30 percent (Dillon 1987; Belous 1989; Kalleberg et al. 1997).

It is nearly impossible to assess the rate at which contingent work has spread across the economy because the Bureau of Labor Statistics did not begin collecting data on contingent labor until 1995. However, data on the temporary service industry, which is composed of the staffing agencies that place contingent workers, suggest two significant trends (U.S. Department of Commerce 1997). First, between 1986 and 1996...
there was spectacular growth in the relative size of the temporary service industry: Employment in temporary services grew 10.3 percent, while total employment in the United States grew by only 1.7 percent. Second, there has been a change in the distribution of contingent jobs. Since 1991 the percentage of the temporary service industry’s payroll represented by office, clerical, and medical work declined, while the technical and professional (which includes the managerial) segments became more important (Staffing Industry Report 1997). By 2001, 37 percent of all placements by the staffing industry were in technical and professional occupations, and the percentage is still increasing (Berchem 2005). For example, in the Silicon Valley, contractors often represent between 15 and 30 percent of a firm’s workforce. Thus, three conclusions seem reasonable on the basis of available data: (a) a significant proportion of Americans are contingently employed, (b) this proportion has increased over the last decade, and (c) technicians, professionals, and managers represent a larger portion of the contingent workforce than they did in the past.

With few exceptions (Barker and Christensen 1998; Jurik 1998), researchers who have studied contingent work have either focused on temporary clerical and industrial jobs (McAlester 1998; Parker, 1994; Henson 1996; Rogers 1995; Smith 1996, 1998) or have relied on aggregate data heavily weighted toward members of these occupations (Cappelli 1999; Kalleberg et al. 1997; Spalter-Roth et al. 1997). As a result, commentators often portray contingent work as a form of exploitation marked by low wages, insecurity, uncertainty, and substandard working conditions. This assessment surely describes the lives of many temporary clerical and industrial workers, but it would be a mistake to generalize from this sector of the contingent workforce to others, especially to technical contractors. Just as conditions of permanent work vary significantly by occupation, so conditions of contingent employment vary by occupation. As we shall see, technical and professional contracting poses important social and economic issues, but the world of a technical contractor is as different from the world of a temporary clerk as the world of a permanently employed software developer is from that of a permanently employed administrative assistant.

In industry, “contractor” has a number of meanings. We shall use it exclusively in the sense of a person who is hired as an individual for a specified period of time to complete a particular task and who is usually paid an hourly wage for his or her services. Contractors sometimes call themselves freelancers or consultants, but most often they refer to themselves simply by occupation; for example, systems administrator, Java developer, technical writer, chip designer, or electrical engineer. Although contractors can be found in most professional and managerial occupations, from physicians to CEOs, our comments pertain exclusively to technical professionals: engineers, programmers, technical writers, and others who work with information technologies. Our discussion draws on two and a half years of ethnographic research on technical contracting with data from three sources: (1) a year of observation in three staffing agencies that specialized in placing engineers, software developers, and IT professionals; (2) career histories with 71 contractors; and (3) interviews in 10 firms with permanent employees who worked with contractors and managers who hired them.

Our purpose in this chapter is to sketch the main parameters of the world of technical contracting and to suggest what this form of employment may mean. We turn first to the basic structure of contract employment and then to the reasons why technical professionals become contractors and the reasons why firms hire them. Next we explore the roles that technical contractors play in the firms where they work and the social dynamics that their presence in the workplace elicits. With this information as background, we then explore contractors’ identities and the nature and implications of a form of practice that we call “itinerant professionalism.”

The Structure of Contract Employment

Clients acquire contractors by two paths. They may deal directly with an individual, or they may procure the contractor through a staffing agency that serves as the contractor’s “employer-of-record.” In either case, the arrangement is executed by purchase order rather than a personnel process, thereby signaling to state and federal labor authorities that the contractor is a resource or commodity, rather than an employee.

Individuals who contract directly with clients are known as independents, while contractors placed through staffing agencies are known as “W2s,” after the tax form that contractors sign so that an agency (as the employer-of-record) can withhold employment taxes from the contractor’s pay check. If an independent contractor is incorporated, the client pays the contractor’s company for the contractor’s services. Clients pay unincorporated independent contractors as “1099s,” after the form filed with the Internal Revenue Service to document “miscellaneous income.” In contrast, for W2s, clients pay the contractor’s staffing agency and, in turn, the agency pays the contractor. The bill rate that agencies charge clients includes a margin or markup over the contractor’s hourly wage rate. Margins average around 35 to 40 percent, but may run as high as 100 percent or more.

Until the late-1980s, most technical contractors worked as independents, and usually as 1099s. During the 1980s, however, employing technical contractors became popular, as firms discovered that they could avoid paying benefits, payroll taxes, and the costs of training by substituting contractors for employees. In some cases, firms actually dismissed former employees and then rehired them as independent contractors, while continuing to treat them as employees. For instance, a firm might demand as a condition of employment that the contractor work extra hours or work exclusively for the firm. Microsoft became legendary in the late 1980s for firing permanent employees, rehiring them as contractors and then renewing their contracts year after year. Although substituting contractors for employees was common among high-technology firms, by prosecuting Microsoft, the IRS chose to take its stand against firms using “permatsmumps” to avoid taxes.

In 1987 the IRS announced a new test for determining whether a worker qualified as an independent contractor (Muhl 2002). Two years later, it used the new criteria to prosecute Microsoft for tax evasion. In a highly publicized ruling, the IRS found that Microsoft had illegally misclassified workers as independent contractors. Microsoft accepted the IRS’s ruling, paid a stiff penalty, dismissed some of its contractors, and converted others to employees, which involved paying back taxes and benefits.

The IRS’s decision to prosecute Microsoft, as well as a subsequent ruling by the Ninth Circuit Court in favor of a group of dismissed contractors who had sued Microsoft for denying them pension contributions and stock options, sent shock waves throughout industry. Firms suddenly became wary of hiring independent contractors. To avoid finding themselves in conflict with the IRS or in violation of employment law, lawyers advised executives to insist that even incorporated contractors...
work through staffing agencies. This change in how firms approached acquiring contractors benefited the staffing industry, which grew by leaps and bounds. Today, agencies are involved in placing most technical contractors.

Why Contractors Contract

The technical contractors whom we interviewed told us they had turned to contracting with the hope of making more money. Most succeeded. By our calculations, even after accounting for the cost of benefits, technical contractors made between one and a half and three times the hourly wage of a permanent employee doing the same job. The experience of a numerical control programmer was typical:

A little less than a year ago, my family and I were living in Seattle, and we were getting a little tight on money—getting behind, getting in debt too—because Boeing did not pay enough for me to support my family without my wife working. She doesn't work and I don't believe she should have to. We have four children. I actually worked two or three jobs at one time for about a year. I was even delivering newspapers and doing other odd jobs. At Boeing I was making about $40,000 to $44,000 a year plus overtime, which maybe averaged out to be another $5,000 a year. Here, in eight months I've made about $115,000.

Other technical professionals turned to contracting in search of greater autonomy over their work, opportunities to learn new skills, or more control over their time. A few simply liked the excitement of stringing together a series of new challenges and the variety of jobs and places that contracting inevitably brought. But to focus entirely on contracting's incentives would be to miss the underlying motive that united the vast majority of our informants. Contractors were not only pulled into contracting by the lure of money and freedom, but they were also pushed by their growing dissatisfaction with the way organizations were managed.

Woven throughout contractors' tales of why they became contractors were three motifs: politics, incompetence, and inequity. Of the three, politics was the most common. Politics, as contractors used the word, is best understood as a cover term for the many ways that managerial agendas and personal interests undermine technical rationality as a criterion for action. The perception that managers act primarily to further their own interests was so widespread that contractors frequently portrayed technical professionals and projects as pawns in management's political games. An electrical engineer who once worked for Motorola as a permanent employee put it this way:

I worked a lot of long hours. It was for politics. It wasn't for getting the project done. It was like I was doing this for somebody else's ego, or somebody else's personal or career goals. They could check off, they got this or that done based on my work. I was getting the project done not for the goals of the project but for the goals of the people above.

Contractors also leveled charges of political gamesmanship against their former peers. They viewed organizational life as rife with conflicting agendas that they saw as a waste of time and a source of tension. They portrayed meetings, in particular, as opportunities for political grandstanding.

When complaining about politics, contractors were indicting organizational life in general. Stories of incompetence, on the other hand, were reserved for specific individuals. Contractors' charges of incompetence typically targeted middle managers, especially project managers. Often underlying such charges was the contractors' belief that they were more capable than the managers for whom they had worked. A database administrator who had returned briefly to permanent employment before becoming a confirmed contractor was particularly articulate on this point:

I think I am a little bit smarter than a lot of people out there. If there were really good project managers, there wouldn't be any contractors. The reason contractors are hired is because they [organizations] are in deep shit. And the reason they are in so deep is because they have been poorly managed or poorly planned. Like when I was working at Astrotech. The project manager was bordering on schizophrenic. Things changed every day: the project plan, the features of the software product. When that happens, people cannot get work done. And then the team would be berated for not getting enough work done. They hire people as project managers who have not done the work that the people they are managing are doing. They have no clue as to what is required to get things done. They don't know what is reasonable and what is not.

The inequities of permanent employment, the third motif in contractors' stories, revolved around their perceptions that employers exploit technical experts by demanding long hours without commensurate pay. "There's no compensation for engineers," one contractor said, comparing contracting to his experience of permanent employment. "I had to take a lower salary, I didn't get to take any vacation, and I worked a lot longer hours. When I worked the last time as a permanent employee, I was required to work 12-hour shifts with no extra pay for months and months and months."

Ultimately, then, the decision to become a contractor reflected an ideology of work relations as well as a calculus of incentives. Contractors viewed themselves as professionals. Like many engineers and scientists, they believed that decisions about work should be governed primarily by an ethic of technical rationality based on logic, reason, and practicality. But they rapidly discovered that organizational life deviated from the way they believed the world should operate. Moreover, contractors thought that as permanent employees they had not received the respect that technical professionals deserved. Contractors saw contracting as a way to escape the burdens of organizational life while securing the pay and respect befitting a professional.

Why Firms Hire Contractors

Firms hire contractors for a number of reasons. The business press and managerial research have stressed lower labor costs and the ability to respond quickly to changing markets (Handy 1989; Mangum, Mayall, and Nelson 1985; Abraham 1988; Abrahm and Taylor 1996; Pieffer and Baron 1988; Harrison and Kelley 1993; Davis-Blake and Uzzi 1993; Matusik and Hill 1998). By using contractors, firms avoid paying benefits, payroll taxes, and hiring and training costs, all of which are borne either by the contractor or an agency. Although firms usually pay more per hour for contractors than they do for permanent employees, they still save money, because firms usually have much shorter commitments to contractors than they do to employees. Firms also turn to contractors
to achieve numerical flexibility, meaning the ability to expand and contract their workforce in response to economic cycles, and functional flexibility, meaning the capacity to shift their mix of skills in response to changes in technology and strategy.

Our conversations with managers and permanent employees in client firms suggested that the managerial literature offers only a partial explanation for firms’ use of contractors. To be sure, managers and permanent employees told us that they used contractors for the reasons already discussed, but they often put a spin on these reasons that sounded different from the spin one finds in the business press or in academic journals. Among the firms that we studied, acquiring skills was the most important reason for hiring contractors. Every manager mentioned this motive first, as did half of the permanent employees.

There were two important variants of this motive, which, in turn, implied different roles for contractors. The first portrayed contractors as purveyors of “just-in-time” expertise—skills and knowledge that were needed immediately, but only for a limited time. The second variant was that firms turned to contractors to acquire skills that permanent employees lacked. In this case contractors were hired as experts with the hope that they would promote “knowledge transfer.” While the first perspective was articulated at all levels of the organization, only managers voiced the second.

A second important but rarely discussed reason for hiring contractors is to “manage headcount” and “hide personnel costs.” Many firms set hard limits on the number of permanent employees that they would carry during a fiscal year. When commissioning projects, upper management typically set two constraints within which they expected hiring managers to work. The first was the number of full-time employees who would be allocated to a project or area, commonly known as headcount. Most firms set the headcount ceiling lower than the full compliment of people needed to do the work. The second was budget, the total number of dollars allotted to the project. Because upper management knew headcount would be inadequate for completing the project, they expected project managers to assemble additional human resources by spending a portion of their budget on contractors. In fact, the practice was so common that in the negotiations that we observed, hiring managers and staffing agents used the term “budget” to refer specifically to funds available to hire contractors. Moreover, in managerial circles it was well known that contractors do not figure in productivity calculations. Thus, using contractors was a way to inflate assessments of a firm’s productivity, which improved analysts’ valuations of the firm and, hence, its stock price.

Start-ups also had financial incentives to use contractors rather than employees: Using contractors slowed the rate at which a start-up burned venture capital, because contractors could be jettisoned once a project was complete. Finally, some firms routinely hired contractors as a way of screening potential employees. U.S. employment law grants employers an initial 90-day period during which they can evaluate and dismiss a new hire without building a case for termination. Because firms could repeatedly renew a contractor’s contract and could also sever it on short notice, by using a “temp-to-perm” hiring strategy a firm could de facto create a probationary period of 18 months or more.

### The Roles Contractors Play

The client’s needs and the contractor’s expertise jointly shape the relationships that contractors have with managers and employees while on contract. An Oracle database programmer summarized the range of possibilities: “There are two kinds of environments that I have worked in. In one, contractors are running the show. In the other, contractors are brought in more or less as technical janitors to clean up or do the extra work.” Most contractors, and the managers who hired them, concurred. Three broad roles, each associated with its own vernacular, characterized our informants’ descriptions of how contractors fit into client firms.

#### Gurus

“Gurus” were contractors widely known in technical communities as master practitioners, the ones to whom clients turned for their technical virtuosity. Gurus typically established one of two relationships with firms. As developer-consultants, they were hired to design, develop, implement, modify, or maintain an entire component of a firm’s information system or were responsible for other significant, but bounded, tasks. For example, they might configure a network, develop an application or database for managing business transactions, conceptualize a firm’s Web presence, or develop protocols for testing software. Developer-consultants were typically independent contractors who worked with small firms and served as experts on a range of tasks. They enjoyed considerable autonomy and opportunities to develop an array of skills. Many had ongoing relationships with their clients, which meant repeat business and possibilities for retainers. A typical developer-consultant described his experience:

I have built inventory systems, customer-tracking systems. I’ve done the database for Top-5. Now, I’m getting into Web sites and Web site design and databases for Web sites. With some exceptions, I don’t think any two customers have been the same thing. Rather than focus on a particular industry, I just say, “Hey, whatever needs to be done, give me a phone call and we’ll see if we can work something out.” And so, the jobs have been kind of scattered, but on the other hand, I’ve had a lot of fun. You know, I’ve built multimedia CD-ROMs, and all the issues that go along with that. Mac and PC. Take the same CD-ROM and put it on a Mac or a PC and it’ll run. That was a neat trick.

Like developer-consultants, contractors known as experienced experts tended to be older, had contracted for significant periods of time, had reputations for expertise, and were granted considerable autonomy. But unlike developer-consultants, experienced experts typically worked for larger firms and played less of an advisory role. They had deep knowledge of an area of technology and were gifted at their craft, whether it was writing C++ or designing interfaces. Some worked with legacy systems and, hence, possessed scarce skills (such as the ability to write COBOL) that were critical to a class of clients who were willing to pay handsomely for the use of this knowledge. Others were considered gurus because they understood technologies in ways that young engineers were no longer trained to understand. Experienced experts typically called themselves “troubleshooters,” “problem-solvers,” or “analysts.” By these terms they conveyed their preference for working on problems that permanent employees were having difficulty resolving. An experienced technical writer illustrated the relationship that experienced experts had with their clients:

Here is what I do. It depends on the level. It depends on if someone wants a high level description of how something works. For example, Toshiba MRI needed me to do just...
that. They did not want me to go into the bits and bytes of the computer. They just wanted to know how the system worked and what system did. That is called high level. High level does not mean, “better than low level,” it just means that it is more of a bird’s eye view. They say, “Well, we have a problem.” One of my assignments right now is to find out what the problem is. I will be specific. They have a simulator that simulates one of these expensive machines. The software people use the simulator to test their software. By doing it on a simulator instead of a real machine, the company saves the cost of owning and maintaining an expensive machine. It seems as if no one is keeping the simulators. One is broken, another got burned up in a truck fire, another seems to be over in another building, and the two that the software engineers are using are out of order half the time. There are no technicians assigned specifically to those machines. So the boss usually begs the other department to lend him technicians for a short while. Get the idea? Now he says, “Is there anything you can do about this? Can you pull together some documentation on how this machine works and how we can fix it?”

Hiring managers routinely distinguished between gurus and other contractors. They gave developer-consultants and experienced experts more autonomy, and they usually relied on them to educate permanent employees.

**Hired Guns**

What clients expected from most contractors, however, was an extra hand, a role known among contractors as the “hired gun.” Thus, most contracts entailed assuming a role very much like that of a permanent employee. From the perspective of the work itself, there were no significant differences between what contractors and full-timers did. Clients turned to hired guns because a project team needed additional bodies, but upper management would not authorize the project manager to increase the project’s headcount. Managers might turn to hired guns because the project was behind schedule or because the project had reached a stage where special skills were needed in, for example, quality assurance or technical writing. Because these situations were commonplace, contractors rarely discussed such experiences in depth. Instead, they would simply remark, “I was treated like an employee.” Contractors did note, however, that in such jobs there was an initial period of adjustment and that it took time before they were fully integrated into the work process.

**Warm Bodies**

As previously noted, clients sometimes hired contractors to do mundane work that full-timers did not want to do. What that work entailed varied from occupation to occupation and firm to firm, but it usually contributed to the maintenance of a technical infrastructure. On such contracts the contractor became a kind of support technician, called a “warm body.” Contractors generally had two responses to playing the role of a warm body. The first was to complain that the work was not challenging, that it offered no opportunities to learn new skills and, hence, that it provided no leverage on the future. The second was to offer caveats. Although working on mundane tasks lacked challenge, the work was easy and the level of compensation was usually so high that it did not matter.

This attitude was especially common among contractors who had an instrumental orientation to work, like a 61-year-old database programmer who specialized in data conversions: “I’m pretty much following a plan that has already been set up. I’m just dealing with quirks of the data, idiosyncrasies—you know, data problems, that sort of thing. It’s not a very creative job. It can get to be very tedious. The only reason for doing it is it’s reasonably straightforward, it’s easy to do and it pays well.”

It would be a mistake, however, to conclude that warm bodies were contractors who did low-skilled work. In technical fields, routine work was not thought of as unskilled, it was simply considered uninteresting. An IT manager at a chip company explained,

These contractors have Oracle tool experience, with the Oracle SQL language. We assign them to projects. Like when we went through an upgrade, all the reports needed dates changed or they needed certain changes made over and over and over again through all the reports. And we had to test the reports to make sure they worked right. We used them for that, to make those kinds of changes. It’s routine and it’s specific too. But nobody here really knows Oracle tools very well. It’s complicated. It’s hard to learn. And it’s not always work the way you think it’s going to. [So] the routine change wasn’t all that easy. But it had to be done. It had to be done over and over and over again. It may be complicated, but it is repetitive. That’s the type of thing that contractors can be very effective on.

Although the roles that contractors played varied from contract to contract, most seemed to accept contracts that entailed similar relationships with clients. Those who worked regularly as warm bodies were a minority among the contractors we interviewed. Although most contractors had certainly done mundane work from time to time, only 17 percent (12 of 71) routinely took contracts that involved doing tasks that permanent employees thought undesirable. With a few notable exceptions, these contractors were younger, had fewer years of experience, and specialized in information technology, quality assurance, or technical writing. Nearly 40 percent of our informants described careers in which they now functioned as developer-consultants or technical experts. These were typically older and more experienced contractors. The remainder (43 percent) typically worked as hired guns.

**Organizational Dynamics Created by Hiring Contractors**

**Dependence**

Regardless of role, all technical contractors took responsibility for tasks on the successful completion of which the work of others hinged. Technical work often consists of sub-projects, such as writing a module of code, that are done individually and that have their own logic and history of development. Consequently, it is difficult for one technical worker to take over a partially completed task from another. No matter how routine it may be, technical work also involves a significant amount of contextual knowledge. Writing a subroutine, altering the structure of a database, and even testing a software application requires familiarity with the larger system to which the work contributes. Developing this kind of contextual knowledge takes time. Thus, the departure of a contractor before a project ends usually means, at minimum, an unanticipated delay and extra work for employees. In many cases, losing a contractor also means losing knowledge for which there was no ready exact
substitute. For this reason clients tended to become reliant even on contractors whom they hired as warm bodies, at least for the duration of a project.

A lead engineer at a computer manufacturer whose team included several hired guns who were consolidating data from legacy databases, remarked, "If our contractors left, it would be devastating. They have so much knowledge! I try to put some of the tasks onto permanent employees. But they have lots to do already. So, if they leave, they leave big holes." When firms hired a developer-consultant or an experienced expert, the odds of dependency increased. Clients could not easily dismiss or replace highly skilled contractors who provided knowledge that permanent employees lacked. Losing a contractor with crucial expertise could bring work to a standstill.

An IT manager at a large telecommunications company spoke of losing highly skilled experts. He confided,

Frankly in many ways contractors are sometimes better than permanent employees, just because you have the right skill set. They're better trained. They are focused on the job because they do not have to worry about anything else. But there's a downside. We're getting in the mode of having them come in and build new things and when the contract is up and they walk out the door, the people who have to maintain it have no idea what the code looks like.

To guard against becoming too dependent, one might think that firms would limit contractors' engagements. But most firms that we encountered responded to the question of dependency with the opposite strategy: Rather than dismiss valuable contractors, they extended contracts. The contractors whom we interviewed told us that it was commonplace to have contracts renewed several times. Although contracts were initially written for periods of three months, in practice, most contract jobs ended up lasting anywhere from 6 to 18 months. If the contractor was an incorporated independent, contracts could last for years. Many highly skilled contractors had been in situations where they continued to work while employees were being laid off in significant numbers.

Extremely long periods of service were particularly common among independent developer-consultants and experienced experts. Some became fixtures in the firms where they worked, as had the programmer who told us the following.

At Seamax the original contract was for 10 days. They were a very small company—had 30 employees. They told me they only had enough money to pay me for 10 days. Presidents of that company have come and gone. Department heads have come and gone. The ownership of the company has come and gone. Even the company's name has changed. I'm like the guy at the post office. No matter who gets elected to Congress, I still deliver your mail. In fact, the guy that hired me was VP of their internal operations. He brought me in and told me, "We don't have a lot of money. If you can't do it in 10 days, tell me now." A year later he left the company. I was still there. A year after he left, he stopped by, he walked in the door, and when he saw me he said, "What the hell are you doing here?" "Same thing." He's been back twice in the last two years, and I've been there both times. They now have 800 employees. There's only 24 that have been there longer than I have.

The interplay between expertise and dependency engendered ambivalence. On one hand, managers and employees spoke of contractors with respect. Yet, at the same time, they resented the contractors' presence. Respect was most clearly expressed by managers and resentment was especially common among employees.

**Respect**

Although contractors were officially hired to perform specific and sometimes narrow jobs, they frequently found their roles expanding, especially in their interactions with hiring managers. Because contractors eschewed organizational politics and because all parties expected them to be highly mobile, contractors claimed that they were able to establish what they called "more honest" relationships with their clients. As a contractor who managed IT projects for government agencies explained, "One thing I can do as a contract employee that I couldn't do as a full-timer is be honest, straightforward, and upfront. I can say, 'Here are the facts.' I don't have to worry about politics. On the way in, I say, 'I am going to tell you exactly the way I feel about everything. You can take it or leave it. That's why you hired me, to give you my opinion.'"

Many hiring managers concurred that contractors were valuable because they spoke their minds. Like contractors, managers attributed this frankness to the fact that contractors stood outside the world of corporate politics and organizational careers. Some managers even suggested that contractors' status as outsiders made them easier to work with than full-timers. A manager in the IT department of a high-tech firm remarked, "Some of the problems we usually have between people disappear when you hire contractors. Contractors know they're only here for a limited time, and the full-time people know that too. So there's not that much competition or friction between them. Contractors tend to be more professional and they don't take personal sides. Full-time people are always interested in promotions and reviews, and so there is competition, friction, which doesn't happen with contractors."

Managers sometimes reciprocated this frankness and openness. Developer-consultants and experienced experts often said that managers not only sought their opinions, but they also treated them as confidants. For instance, contractors reported that managers used them as sounding boards for troubling organizational issues that they could not share with employees. A software developer, well known in the UNIX community, reported,

I actually have had managers tell me things about politics that they didn't want the employees to know. Like, "This product is dead. There is no future in this thing you're working on. Don't tell any of the employees. Don't destroy morale here. We don't want to bum them out. But this is the way it's going to be." They know we're not likely to leave just because the product is dead. We're not thinking of a career, because we don't have a career path. They tell you to get your opinion, to inform you, to keep you abreast of the fact that you may need to look for another job.

One of the strongest signals of appreciation and respect was receiving an offer to join a firm as a full-time employee. Most informants who had worked as contractors for any significant period of time had fielded such offers. Although contractors found the offers flattering, few accepted. Of the 71 contractors we interviewed, 21 percent (15) had at one time or another accepted an offer to "go perm" after trying their hand at contracting. Those who had "gone perm" usually did so because they liked the firm and its people, because they hoped to get stock options, or because a spouse was
uncomfortable with contracting's risks. It is telling that all but one of these individuals returned to contracting because they rediscovered why they disliked working for firms or because they missed contracting's freedom and higher wages.

Another sign of respect was being asked to be the technical lead of a project. A little over a fifth (22 percent) of the contractors we interviewed had been asked at least once to assume the duties of a lead during the course of a contract. In engineering environments, being a lead means coordinating and integrating the technical efforts of a group of engineers, as well as making decisions about the technical direction of the team's work. Thus, when contractors became leads, they acquired authority over permanent employees as well as other contractors.

Resentment

If respect was the yin of the contractor's experience on the job, resentment was its yang. Resentment was manifested in two kinds of complaints about contractors. The first, shared by managers and employees, focused on contractors' "lack of commitment" and the performance problems that resulted from it. The second complaint ran deeper and was usually expressed by employees rather than managers: the perceived inequities between contractors and employees.

Lack of Commitment

Even in an era of downsizing, firms are a primary source of identity and an object of emotional attachment for many white-collar workers. In such a world, there are few criticisms more biting than having your colleagues say that you are undependable, disloyal, or lack commitment. Most managers and employees we interviewed still felt it was proper to be committed and loyal to their firms, though their belief system had been strained by the realities of the new economic order. Contractors represented a visible, daily challenge to the continued belief in an employment regime based on reciprocal trust and commitment. It is, therefore, perhaps unsurprising that full-timers articulated an imagery of contracting that portrayed contractors, however experienced they might be, as self-interested mercenaries who, in a pinch, could not be trusted. A project manager in a computer firm expressed the opinion held by many employees:

I don't think of contractors as being very emotionally invested in what they are doing. That's completely unappealing to me. I feel a part of this company. I don't like to say that it defines me, but it is part of who I am. I would like for this company to do well. I'm disappointed when it doesn't. More than one contractor has told me that: "Look, I just want to make it clear. I will do whatever you tell me. I don't need to be happy. I don't really care." Sometimes we've had philosophical conversations about the direction of the company, and the conversation with them will generally end with, "Yeah, I don't really care. I don't care how the company is doing. I'm just hired to do this piece of work and that's all I really want to worry about, and then I'm going home."

Managers and permanent employees supported their claim that contractors, as a group, were undependable and uncommitted by pointing to a constellation of sins that they felt were common among contractors. One widespread complaint was that contractors did "shoddy work." The essence of the complaint was not that contractors' lacked skills. Instead, the issue was how contractors' attitudes shaped the way they applied their skills. Permanent employees seemed to believe that superior technical work demanded an attitude of persistence and long-term responsibility that the structure of contracting did not permit. Permanent employees argued that because contractors had short time horizons and cared only for their own welfare, they cut corners, put in minimum effort, and sometimes even sacrificed quality. By the time any mistakes were discovered, the offending contractors were long gone, and employees were left to rectify the situation.

Closely related to the claim that contractors' lack of commitment was the widespread complaint that contractors often left without even finishing the job they were assigned. In such cases, either another contractor had to be hired or a permanent employee had to complete the task. Permanent employees and managers almost always illustrated this complaint with some variant of the story of a contractor who mysteriously disappeared one day without prior notice. A manager at a small start-up recounted the story as follows: "One guy was in the middle of a project. We thought everything was going fine. One day his coat is over the back of his chair, his coffee is there warm and his monitor is on, but he was gone. He just left everything. He just walked out." The moral of such stories seemed to be that contractors are so self-interested that one cannot count on them to fulfill the terms of even the short-term bargains they strike.

A third observation by which managers and employees bolstered the claim that contractors lacked commitment was that they were less willing than full-timers to shoulder extra responsibilities. Permanent employees accepted open-ended job descriptions because they were invested in the firm's well-being, because they were evaluated on their willingness to do anything asked of them, and because failing to do so brought peer pressure. Firms relied on the employee's spirit of voluntarism to cover unforeseen circumstances. Contractors, in contrast, felt bound only to perform the tasks for which they were hired. Furthermore, employees complained, contractors did not seem to share their anxiety about deadlines. One full-time software developer said,

In the New Jersey start-up there were a lot of contractors. I worked with one, a voice specialist. He was very sharp, very bright. But he would just do as little as was necessary and not work as much as we were working. In fact there was another contractor. He was like cranking out computer screens. He had a specific rate in mind, one screen every two days. And since only he knew how to do that stuff, he could pretty much do it at his own pace. He was taking his time about it, and the director asked him during a meeting, "Can you do it any faster? We have this deadline coming up, we're behind." And he did not and just kept on. They have no commitment to the company, especially in a start-up.

Inequity

Complaints about inequity focused on two issues that troubled employees: the contractors' higher pay and the fact that contractors were often given more interesting work. In the world of permanent employment, higher wages have long signaled seniority, greater skill, or greater authority. The association of money and merit lies at the heart of the incentive system that employers have used for decades to motivate employees. In fact, the system has become part of our culture—an unwritten psychological contract that we expect employers to honor, an expectation that is particularly strong among white-collar, professional employees. Workers rarely openly resent
another person's salary, as long as it seems commensurate with their service, status, or contributions. The problem was that contractors generally had less seniority than all but the most recently hired employees. Many had no more expertise than the full-timers with whom they worked, and most had no formal authority. By all rights, employees reasoned, contractors should be paid the same as, and perhaps even less than, employees with similar skills.

Hiring managers also spoke of the troubles that wage inequities created. In fact, jealousy over wages was the most frequent problem that managers cited when asked about the challenges of managing project teams composed of contractors and employees. A number of managers we interviewed admitted that some employees had left their firm over the issue. When confronted by an employee disgruntled over discrepancies in pay, the manager's only recourse was to point out that contractors paid their own benefits, had less job security, and did not enjoy the perquisites of membership. If the employee remained unconvinced, the managers could say little else to suggest that the employee try contracting for himself or herself. That more employees do not try contracting most likely reflects their perception that contracting is economically risky and that full-time employment offers greater security.

Technical employees also disliked the fact that contractors were often hired to do technically more challenging and exciting tasks. Employees felt that the technical challenges should be theirs, and that contractors, if used at all, should be assigned more routine jobs. They believed that assigning "sexy" work to contractors indicated that their managers did not believe they were sufficiently skilled, which, in many cases, was what the managers did think.

Contractors reported that employees made their feelings known in subtle ways, typically by either ignoring the contractor or by making jokes that revealed underlying tensions. Occasionally, however, resentment led employees to behave in ways that intentionally complicated the contractor's job. In some cases, resentment, and the resistance it spawned, actually erupted in open hostility, as a contractor who specialized in quality assurance testified:

When I worked at HP last year, I was part of an integration group, so it all came down through us. There was a guy that I worked with; he was nice to me the first month. I was working through Volt (a staffing firm) at the time. I told them to take me off of per diem because I had moved there after a month. So they said, "Okay, we'll send you a new contract." What do they do? They faxed it to HP! All this stuff is supposed to be real confidential, the rates you're making. So who picks up the thing off the fax machine but the guy that's sitting across from me! So from that point on, he literally won't talk to me. I had to go to the boss and ask him, "Can you please get this guy to talk to me?" So it turns out [the guy gives me] a 15-minute slot in the morning and a 15-minute slot in the afternoon. I was talking with him every day up to this point. The animosity starts when they see the differential in pay.

In short, contractors experienced life on the job as a never ending series of mixed messages. On one hand, clients needed their expertise and respected, sometimes even celebrated, their contributions. On the other hand, their presence, regardless of their performance, inevitably engendered suspicion and resentment. These conflicting messages created a kind of Catch-22. If contractors took responsibility and initiative, then full-timers who worried about job security perceived them as a threat and an object of envy. If they worked by the book, they were condemned for lack of commitment and shoddy work. It was partially around resolving such dilemmas that contractors forged a professional identity compatible with the way they needed to work to get the job done.

Resolving the Dilemmas of Contracting

Contractors understood that adapting to the double bind required resolving three issues. First, they had to decide how they would approach work in environments where they would never be seen as members. Some chose to take the initiative and go beyond the letter of the contract. They adopted the distanced, impartial stance of an expert, ignored the organization's politics, and championed, without compromise, a technical perspective on their work. These contractors understood that such a stance might ultimately threaten employees. They also understood that taking a strong technical stance could sometimes threaten managers, thereby risking dismissal. This strategy's payoff was that they were more likely to be perceived as competent practitioners and sometimes even gurus.

Other contractors chose to work by the book. They stuck to the terms of their contracts and focused on the specifics of the task. Regardless of the quality of their performance, these contractors risked being viewed as mercenaries. Employees often ignored their presence, viewed them as servants, and sometimes used them as scapegoats. Still others took a middle position depending on the exigencies of the situation, the specifics of the task, and their own preferences and skills.

Whichever stance contractors took, their outsider status forced them to resolve a second issue: how to present themselves to managers and employees. Some contractors did not care what others thought and staked their reputations entirely on their technical accomplishments. They accepted that they would simply move on when their work was done, possessing both a fatter wallet and more experience, which they hoped to use in landing their next contract. Thus, they kept their distance and focused on their work. Many others, however, recognized that it was to their benefit to build relationships that would allow them to navigate between respect and resentment.

Contractors did this by sending messages that assured managers and employees that they were persons who would work diligently in the client's best interest. For example, several informants told us that the first weeks of a contract were crucial for framing the client's perceptions. These contractors made a point of initially working longer hours than the contract required and making those hours visible for all to see. They also agreed to participate in meetings that they could have easily avoided and did not charge the client for the time. Once expectations were set, these contractors returned to more normal hours. Contractors also knew that they could curry favor with employees by willingly sharing what they knew, by helping employees anticipate and resolve problems, and by socializing with employees after hours. Ironically, contractors who had chosen contracting, in part, to remove themselves from corporate gamesmanship found themselves back in the impression management business.

The third and perhaps most fundamental issue that contractors had to resolve was developing a coherent identity that could account for their experience and guide their actions. The terms that contractors used as they struggled to describe their roles provided clues to the identities they constructed for themselves. These ranged from "guest" and "resident alien" to "troubleshooter," "problem solver," and "consultant." Although these terms differed in their various connotations, all pointed to an identity
that was widely shared among our informants, an identity that turned outsider status and social distance into a professional tool. The imagery of the coolly detached expert created a buffer that allowed contractors to disassociate their sense of self-worth from the cues they received from clients.

In fact, by coming to view themselves as detached specialists, contractors were often able to empathize with and even feel superior to employees. They could see that their presence in the workplace violated the promise of traditional employment on which employees based their sense of security and self-worth and reasoned that one could hardly blame employees for being resentful.

Unlike full-timers doing similar work, contractors learned to disassociate their definition of self from the immediate context of their technical practice. Instead, they came to orient themselves to the larger world of contracting and to reference groups that lay beyond the boundaries of the firms for which they worked. They became, in their own eyes, itinerant professionals whose expertise consisted not only of their technical skills but also of their ability to construct honorable and meaningful careers by moving between clients.

**Itinerant Professionals**

Historically, professions have been organized in three ways: what occupational sociologists call free professions, professional firms, and corporate professions (Scott 1965, 1981; Whalley 1986; Whalley and Barley 1997). Each form of organizing provides solutions to three practical problems: how to secure clients, how to maintain expertise, and how to ensure economic security. Historically, the occupations that our informants practiced were organized as corporate professions: Practitioners worked as salaried employees of firms staffed by a variety of occupations and ultimately answered to managers who were not members of their profession.

Becoming a contractor meant setting aside traditional models of professionalism and, hence, ready-made solutions for resolving the practical problems of a professional. As a result, contractors had to invent their own solutions or adopt solutions widely practiced by other contractors. As they did so, they collectively and perhaps unwittingly began to forge a new form of professional practice.

Like free professionals, technical contractors worked as solo practitioners and, in most cases, arranged for their own benefits. They drew on their professional networks for referrals and took responsibility for their own professional development. Like members of professional firms, contractors frequently worked for one organization, a staffing agency, but offered their services to another. Like corporate professionals, they practiced inside organizations, often as members of a team that is subject to management’s direction. But unlike free professionals and members of professional firms, technical contractors rarely had ongoing relationships with clients and were not paid on a fee-for-service basis, nor were they salaried like corporate professionals or members of professional service firms.

Itinerant professionalism led contractors to different solutions to the problems of finding clients, maintaining expertise, and ensuring long-term security. Unlike other professionals, they found clients by augmenting their networks with the services of staffing agencies. In fact, some relied exclusively on agencies. These contractors were well aware that using an agency conflicted with traditional images of professionalism. They resented submitting themselves to members of a sales culture and allowing nonprofessionals to make a substantial profit on their services. But since using a staffing agency was often a necessity, contractors resolved their dissonance by incorporating agencies into their model of professional practice: Being savvy in one’s dealings with agents was a form of expertise.

Contractors generally developed and maintained their technical expertise much like any other professionals: They took classes, joined professional associations, consulted other professionals, and educated themselves. But compared to professionals who practiced in other contexts, the contractors found that their skills were subject to more frequent evaluation in the marketplace, and that they enjoyed fewer protections against obsolescence. Contractors’ efforts to stay up-to-date were consequently sustained, intense, and ongoing. Moreover, unlike most other professionals who distinguish between apprentices and full-fledged practitioners, contractors blurred the distinction between newcomers and veterans. Regardless of experience, they thought of—and presented—themselves as continual learners. They saw jobs as opportunities for learning and sought to arrange contracts into sequences that enabled them to acquire and practice new skills. Thus, under itinerant professionalism, work itself became a credentialing process.

Itinerant professionalism also hinged on a radically different solution to the problem of security. Security always entails guaranteeing one’s continued employability, which, in turn, can rest on a variety of foundations. Although all professionals must rely on the enduring value of their expertise, traditional models of professionalism bolster security in other ways. The free professional’s security rests partly on his or her reputation in a community and partly on the fact that clients have recurring needs in which they have little or no expertise. For security, corporate professionals and members of professional firms rely on their continued affiliation with, and the goodwill of, their employers. Contractors had recourse to neither a safety net because of their transitory relationships with clients and agencies. Their security as itinerant professionals rested entirely on their ability to network and to maintain skills that others would buy.

In short, our informants’ mode of practice had the trappings of a distinct form of professionalism, and contractors themselves seemed to experience their practice as unique and coherent. Setting aside technical specialty, contractors believed that they had more in common with each other than they did with professionals who did similar work under other models of professionalism. Informants repeatedly told us that their permanently employed counterparts had little understanding of their brand of practice or of the problems and opportunities they faced. More importantly, even though clients occasionally tried to tempt contractors back into corporate professionalism, most were unwilling to return. Thus, despite itinerant professionalism’s problems and challenges, our informants overwhelmingly preferred it to corporate professionalism.

Nevertheless, itinerant professionalism had a significant Achilles’ heel, especially for members of technical occupations. Historically, technical occupations have lacked strong institutional supports to underwrite their professionalism. By institutional supports we mean organized systems and communities that foster occupational identities and that assist in creating, storing, and disseminating substantive knowledge. Most professions have occupational associations, training programs, conferences, journals, and accreditation procedures that support all members of the occupation regardless of their mode of practice. But, when compared to medicine, law, and accounting, the institutions of technical occupations have long been weak (Perrucci and Gertzl 1969; Whalley 1986; Barley 2005).
For this reason, technical occupations have long relied on corporate employers for institutional support. Firms have been particularly important in funding technical schools and have played active roles in technical societies. They have also served as important repositories of expertise, largely because technical knowledge is often proprietary and application-specific. Beyond the initial degree required for practice, most advanced technical training occurs on the job within firms. Gouldner (1957–1958) would have called engineers and technicians "local" professionals. Unlike "cosmopolitan" professionals, who are involved in national and international networks of practice, local professionals orient primarily to their employers, and their occupational networks are composed primarily of fellow employees (Goldner and Ritti 1967; Kronus 1976; Goldberg 1976).

Consequently, even though technical professionals may gain independence when they become contractors, they lose access to corporate professionalism's supports. This loss is crucial. Practitioners require contact with other members of their occupational community to function as technical professionals, because technical knowledge typically emerges unevenly across a community of practitioners as different members encounter problems and devise solutions (Van Maanen and Barley 1984; Orr 1997). Without involvement in an occupational community, practitioners lack access to these developments. Nontechnical issues of practice, such as finding work, also usually require collective solutions. To fill the institutional vacuum, our contractors had begun to build occupational communities conducive to itinerant professionalism, often with the help of sophisticated communication technologies.

Community building was usually spontaneous and informal, driven largely by contractors' efforts to solve immediate problems. We observed contractors forming and participating in networks that offered both technical and nontechnical support. Some of these communities involved face-to-face interaction, but many others were virtual: They existed primarily on the Internet and were organized around bulletin boards, chat rooms, and Usenet groups. These forms of communication were important channels for exchanging market information and technical tips.

We also observed formal efforts to organize contractors along occupational lines. Some of our informants had taken responsibility for founding and managing user groups. Others had founded partnerships and occupational collectives that enabled group practice. Entrepreneurs had begun to cater to the contractors' need for occupational community by publishing journals and magazines, such as Contract Professional, which addressed issues that contractors repeatedly faced. Other entrepreneurs had founded Web-based employment services, such as DICE (http://www.dice.com) and Contract Employment Weekly (http://www.ceweekly.com), and affinity groups, such as Working Today and the Professional Association of Contract Employees, which provided contractors with group insurance plans and discounts on the tools of the trade.6

These proto-institutions were embryonic. By comparison to the more entrenched institutions of more traditional modes of professionalism, they were incipient, loose, and decentralized. They lacked a well-developed professional ideology, an accepted theory of practice, and a formal mandate to legitimize their status as institutions. Nevertheless, these arrangements, however weak, represent important steps toward institutionalizing itinerant professionalism as a stable and coherent mode of practice. Thus, the emergence of itinerant professionalism as an identifiable trend provides a vantage point not only for conceptualizing the structure of postindustrial labor markets, but also for formulating policies that would shape these developments in useful directions.

Because our research focused exclusively on technical contractors, parts of our analysis may reflect idiosyncrasies of the worlds of high technology and information systems. Nevertheless, it would be a mistake to conclude that contracting is somehow confined to high-tech firms and occupations. First, most of our informants had contracted in an incredible array of firms and industries outside high-tech, such as banks, government agencies, retailers, hospitals, manufacturers of durable goods, defense firms, railroads, and schools.

Moreover, contracting is spreading to other professional occupations. Contracting is particularly common in healthcare. Not only is it common today for hospitals to use contract nurses, medical technicians, and radiological technologists, but staffing agencies are also beginning to offer contract physicians. Contracting is prevalent in accounting, and it has recently made a beachhead in law. Firms can even contract for temporary CEOs, CFOs, and other top management positions through specialized staffing agencies.

Thus, contracting or contingent work is a form of employment that is spreading across the entire occupational spectrum. It is every bit as important as offshoring, and, at least for the moment, it is far more common, though offshoring has recently garnered much attention. Over the next several decades it may well come to pass that permanent and contract employment will be viewed by firms and individuals as alternative, if not competing, labor markets. Right now we have only an inkling of what such a change will mean for employers and even less of an understanding of its implications for people's lives and careers. Our intent has been to open the topic for further research and debate among those who are interested in how work in America and most other industrial societies is evolving.