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The Costs and Benefits of Alternative Employment
Structures: A Comparison of Employees and
Contractors

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Abstract

Managers make choices regarding the types of employment structures that meet the needs of the firm, and workers make choices regarding the type of arrangement that meets their needs. Various streams of literature (for example, economics, human resource management, industrial relations, and organisational/industrial psychology) offer perspectives on why an employment relationship or a contractual relationship might be preferred under particular circumstances. However, it is often the needs of the firm that are deemed of primary importance, and it is the perspective of the firm that dominates the analysis. This kind of single perspective weakens our understanding of the employment *relationship*. It lacks recognition of the importance of matching the needs of the worker with the needs of the business. This thesis brings together the employer perspective and the worker perspective in an attempt to deepen our understanding of core/periphery preferences in today's labour markets. The research utilises a multiple case study design to investigate managers' decisions to use self-employed contractors or employees for particular jobs, and workers' decisions to seek or accept organisational employment or self-employment (contracting). Field research resulted in the development of seven case studies, encompassing two very different industries, and two very different groups of workers. The thesis attempts to build theory through explaining management 'analyses' of the factors relevant in the decision to employ or contract, and worker decisions to prefer employment or contractor status. In examining employer and employee 'employment structure choice', the thesis seeks to deepen our understanding of the interactional dynamics of employment relationships. It concludes that managers and workers who more carefully assess the extent to which a particular employment structure best meets the needs of both parties are better placed to build highly effective relationships.

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