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Explaining the Wage Gap Between Contingent and Noncontingent Workers

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**EXPLAINING THE WAGE GAP BETWEEN CONTINGENT AND
NONCONTINGENT WORKERS**

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An important labor market trend is the rapid increase of the contingent workforce. Contingent workers are the individuals who do not perceive themselves as having an explicit or implicit contract for continuing employment. Under this definition, it is estimated that 6 million workers are classified as contingent.

Researchers have discovered a pay gap between contingent and noncontingent workers. Hipple, in his 1998 study, argued that median earnings were \$266 per week for contingent workers, compared with \$444 of the noncontingents. The purpose of this project is to explore what causes this income differential by using the National Longitudinal Survey of Youth and multivariate regression analysis. It is hypothesized that this pay gap can be explained by differences between contingent and noncontingent workers such as hours worked, training received, occupation chosen, and discrimination

The principal finding suggests contingent workers have fewer opportunities for training and also do not realize the benefits of training compared with noncontingent workers.