

Ghosts in the Global Machine: New Immigrants and the Redefinition of Work

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Latinos are like ghosts; they come to work and then they go home.

—Temporary Staffing Agency Manager

The incorporation of new immigrant workers into the lower reaches of the U.S. labor market has been a very significant employment trend. Debates over the implications of this trend—in particular whether immigrants displace and/or lower wages for native workers—abound (Borjas 1995; Borjas, Freeman and Katz 1997; Camarota 2001; Cornelius 1998; Hamermesh and Bean 1998; Smith and Edmonston 1997). In the U.S. South, the rapid incorporation of large numbers of Latino immigrants into the labor market is a development of historical significance. This region's economy has long been racially segmented as a bipolar black-white construct, though with substantial internal variation by time and place. Since World War II, a combination of factors including agricultural mechanization, wartime labor demand, and the modern civil rights movement undermining legal and economic constraints on black workers' mobility, changed the region's labor markets significantly. Today, the growing Latino presence in labor markets throughout the South (a phenomenon that was heretofore largely confined to only two

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states in the region, Texas and Florida) signals additional changes in working conditions in regional logistics employment systems.

This case study of Latino immigrant workers in the Memphis economy examines the confluence of three trends in the use of labor power. First, regional immigration to Memphis for employment, particularly Latino immigration, was negligible until recent years. Memphis has a tradition of weak labor markets and sub-prime working conditions. The city was a Southern manufacturing center after World War II with an economy based on service to the regional agricultural plantations. Memphis was always on the periphery of the post-World War II labor/management social contract. Non-union, low wage employment conditions, sustained by the region's endemic racist employment policies, seemed destined to disappear after the assassination of Dr. Martin Luther King in the Memphis garbage workers strike. Instead, the example of "spot" or "day" labor from earlier times of racialized employment standards was updated and became the driving force of the regional economic growth in the logistics (transportation and distribution) sector.

Second, Memphis is the home of Federal Express, a logistics company with a global business base. As with Microsoft, Dell, WorldCom, and a few other corporations, FedEx represents the essence of the new global economy. Moving products anywhere, anytime from everywhere is the key to the company's production system. While FedEx globalism brings domestic advertisements of employment of educated specialists and instant consumer gratification of desires, the logistics sector is integrally connected to the products of sweatshops in the marginal economies of the third world. But little is said about the domestic workers in logistics who make the global economy work for these corporations.

Third, immigrants provide the flexible workforce required for changing terms of employment in the logistics sector. Warehouse work, historically bifurcated between white sales and managerial personnel and black warehouse laborers, has begun to change as logistics has become globalized. Latino immigrants in Memphis point to the importance of immigrant labor in the transformation of terms of employment.

Flexible Employment

Employers in the logistics sector are redefining the terms of employment for Latino workers. For complex reasons, warehouse employers are more readily able to utilize new immigrants as completely flexible labor, and they are exploiting the social (and often legal) limbo of immigrants as a spearhead to minimize their obligations to employees and to transform the terms and conditions of work.

Employers' drive to break down the social obligations of their employment relationships, enforced historically through federal law and/or collective bargaining, has been evident in the United States for at least thirty years (Gordon 1996; Harrison and Bluestone 1988; Harvey 1989). This drive is one element in the long-term trend away

from a mode of production characterized by large capital investment in plant capacity, specific product lines, mass production, and a relatively stable, often unionized, workforce.

New flexible work regimes require a concomitant “social flexibility” from human beings, who must conform their lives to the unpredictable exigencies of employers. For workers accustomed to or expecting the security of long-term employment at living wages, plus the benefits once customary in the primary labor market, such contingency is generally to be avoided or resisted (Appelbaum and Batt 1994; Barker and Christenson 1998; Kalleberg et al. 1997). New immigrants, however, particularly those who are undocumented, are socially transitory, legally vulnerable, and overwhelmingly motivated to work—all of which predispose them to respond to the fickle labor demands of employers.

Federal Express Corporation is the single most important corporate entity in the region. While its 40,000 local employees represent less than 10 percent of the regional labor force, the company is the key to business and working standards throughout the region. As noted by the field research of Robert Sigafoos in 1980,

Most of the 800 part-time handlers, keyers, and sorters inside the (FedEx) Hub are young college students who report in around midnight and work an average of just over three hours Monday through Friday. Their starting pay is \$6.91 per hour. Experienced workers get \$9.00 per hour. They are guaranteed 17 ½ hours of work a week. Not only is there an equal mixture of young men and women in the crew, but also there is an equal number of blacks and whites. (1983)

The description notes the positive and negative aspects of the FedEx invention. Race and gender were not at the core of the hiring process. But flexibility was and is. Demands for labor time may expand to close to full time during holidays or other rush periods and then contract back to twenty hours per week again. And while FedEx is noted for the benefit package provided to part-time employees, the numerous other companies that have sprung up to serve FedEx or to use its services have typically focused on the flexibility, not the quality of their wages and benefit package.

The global movement of goods requires a complex transportation distribution system. Indeed, the costs of delivery can often out-strip the costs of production, particularly when production occurs in a third world sweatshop. When transportation, repackaging, storage, and delivery to the consumer become more important than production, control of logistics costs becomes a paramount concern. Flexible working conditions are characterized by (1) part-time labor, increasingly supplied through temporary staffing agencies or independent contracting, (2) flexible schedules in which times, days, and places of work are defined on a short-term basis, and (3) a general lack of benefits.

Flexible labor conditions are different from the secondary work of the old primary/secondary labor market paradigm. In that analysis, secondary workers suffered from a lack of institutional restraints on inter-worker competition. Flexibility transfers the

entire working process from the hands of the laborer to those of the employer. The employers' problem is finding sufficient numbers of workers willing to endure these erratic terms of employment.

Methodology

This paper is based on the initial research into Latino working and living conditions in the Memphis region. Early in the research, it became clear to our research team that a traditional analysis of immigration of Latinos to a new city or the poor working conditions of immigrants in new jobs did not explain what we were seeing in Memphis. This research relies on limited fieldwork investigation into Latino employment and an employer survey in the distribution sector of Memphis, Tennessee. Our focus on distribution developed after field research consisting of multiple interviews and conversations with recent Latino immigrants indicated that logistics is a major source of employment for both women and men (Mendoza, Ciscel, and Smith 2001).

During 2001, The University of Memphis Center for Research on Women, in partnership with The Work Place, Inc., a nonprofit workforce development organization, administered a survey to Memphis businesses to study employment patterns in the Latino population. The four-page survey form was administered primarily over the telephone. The form first requested the following information: industry type, number of Memphis employees, number of Latino workers employed by the company, percentage of Latinos who are hourly workers, number of female Latino employees, mode of employment, the most common job titles of Latinos working at the company, and average hourly wage paid to Latinos in those positions.

The list of employers that we targeted for the survey came from diverse sources. Fifteen categories of businesses were selected that—according to our interview research—would have been most likely to hire Latino immigrant workers. We obtained a sample of 264 companies. The criteria for inclusion of businesses resulted in the under-representation of small employers. Multiple contacts with 264 companies eventually yielded 174 completed surveys. The focus of this research is the survey of temporary staffing agencies.

Immigrants and Flexible Labor

In the Memphis logistics sector, employers increasingly use Latino immigrants to create new, flexible terms of employment. They typically hire Latinos by and through temporary staffing agencies, which assume all liability for wage payment, worker grievances, and, quite importantly, proof of immigration status. Latinos (and, in smaller numbers, other immigrants and refugees) meet the distribution sector's demand for "spot market" labor. They may work at the same job for a few hours or as long as a year, but they are typically hired for the day or at most the week. Lacking fringe benefits such

as health insurance and pensions, as well as more customary benefits such as sick leave and paid vacations, Latinos may be hired briefly, cheaply, and flexibly. The wage they receive is usually slightly above the federal minimum—typically \$6.00–\$7.50/hour.

Latino immigrants are perceived to be reliable, even within the erratic context of temporary employment, and willing and able to work nights, weekends, and overtime when asked. Whatever trade union activism or other resistance to poor working conditions they may have practiced in their country of origin is unlikely to emerge in this current context. Recent Latino immigrants in the Memphis distribution sector manifest the ultimate social flexibility that employers seek to evoke: workers who have no relevant past or, indeed, legitimate expectations for the future.

The primary institutional vehicle connecting contingent workers with available employment is the temporary help supply agency (Carre et al. 2000). These agencies tend to specialize by occupation, with more than 40 percent of placements in the blue-collar sector (Brogan 2001). On the bottom are agencies, essentially representing the street-corner labor pool institutionalized and moved indoors, that place unskilled laborers by the day. Our visits to such agencies typically found a bare office with few chairs and minimal additional furnishings—in one case, only a desk without computer, fax machine, or even a telephone. At the top of the blue-collar hierarchy are agencies offering more long-term, potentially even permanent, employment.

Contingent work is hardly a new phenomenon in Memphis. In the past, the norms of reciprocity and the traditions of racial resistance meant that employers received a level of work effort and discipline commensurate with the low wages and intermittent employment that they offered their workers (Honey 1993; Sigafos 1979). What has changed over the past two decades in Memphis is not merely a reflection of national trends—that is, a broader scope of industries and occupations utilizing contingent work arrangements and a formal institutionalization of the processes whereby employers secure such labor. Since the mid 1990s, employers in the logistics sector have increasingly found in Latino immigrants the ideal contingent laborers: those who work hard even for low wages, reliably even when their employer makes no commensurate guarantee of job security, and without protection should they ever complain about the precarious terms and conditions of employment.

The survey of temporary agencies in Memphis suggests a strong trend toward the employment of Latino workers in the distribution sector: fifty-three of the ninety-five agencies that we surveyed actually referred workers for blue-collar jobs, and forty-four (83 percent) of those fifty-three agencies hired Latinos. Moreover, seventeen of the Latino-employing agencies had hired bilingual (English/Spanish) staff to communicate with Latino applicants, and others were in the process of hiring bilingual staff. Those without fully bilingual staff typically had one employee able to converse in basic Spanish, and most had translated their applications into Spanish.

Twenty agencies provided estimates, ranging from 1 percent to 100 percent, of the Latino portion of their work force; the median was 25 percent. Not surprisingly, agencies with bilingual staff tended to hire a larger proportion of Latinos, but all reported an

increase in Latino applicants. One interviewee estimated that the percentage of Latino workers hired by his agency jumped from 1 percent in 1999 to 25 percent in 2000. As of July 2001, one of the larger agencies (as measured by the number of Latino workers) was managing 900 Latino contracts, primarily with major warehouses; over the previous two years, the agency had compiled a database of some 10,000 Latino applicants. Another agency that began employing Latinos by the week three years ago had, as of July 2001, 2,900 Latino applications on file and estimated an average weekly employment of 250 Latino workers.

It is important to keep these numbers in context. Memphis is a predominantly working-class African American city with a tiny (official) Latino population. Nonetheless, 83 percent of temporary agencies specializing in blue-collar employment hired them, and they represented one-fourth or more of the work force at more than 20 percent of those agencies.

The relative significance of supply and demand—that is, whether Latinos, as new and often undocumented entrants to the Memphis labor market focus their job search on temporary agencies or whether such agencies seek out Latino workers—is impossible to disentangle, but it is clear that both dynamics are at work. The four warehouses that we toured corroborated this trend toward use of contingent Latino employees. Three of the four corporations were moving to create all-Latino work forces in their unskilled distribution operations, and the fourth had subcontracted its warehouse to a company that employed a work force that was half Latino (Mendoza 2000d, 2000e, 2001).

Employers (both warehouse managers and temporary agency staff) consistently cited three reasons for their interest in Latino workers: flexibility (i.e., willingness to work whatever hours were needed on little notice); reliability; and productivity. Flexibility involves more than the willingness to work for short periods in different locations, possibly on different shifts, for modestly variable rates of pay—all of which are standard features of temporary employment arrangements. Latinos are expected to be infinitely available—to go to a new job immediately, to work overtime on demand, to move to a different shift. As one agency staff member commented: “Hispanics are valued because they are on time at the work site; they work hard, do not complain, and are always ready to do overtime” (Mendoza 2000a). It is not uncommon, when jobs are available, for workers to be hired on the spot and expected to work immediately. In one instance:

Applicants were handed out maps with the location where they needed to go for a drug test. They were also handed a map to reach the (warehouse). They had to buy shoes with reinforced metal toes (they were advised to go to Payless shoes or WalMart) before showing up for work. They were required to wear short or long-sleeve T-shirts and pants (for men and women). They had to report to work on the same day, carrying a picture ID and the proof of the drug test. They also had to watch a 30-minute training video (translated into Spanish by an agency employee) before leaving the agency. (Mendoza 2000b)

In temporary employment, where work is by definition not reliable, neither are many workers. Agency staff and warehouse managers repeatedly praised the “reliability” of Latinos, meaning that they consistently and punctually showed up for work.

For Latinos as for anyone else, life sometimes intrudes on work obligations in the form of illness, transportation problems, or lapses in childcare. Temporary agencies and corporate employers have responded to Latinos’ occasional “unreliability” with tactics ranging from helpful to coercive. Most temporary agencies refuse to hire women who apply for jobs with their children in tow. Employers also enforce reliability through the manipulation of workers’ wages. One Latina reported that, when she was two minutes late for work at a packing plant, she received \$1.00/hour less for the entire week (Mendoza 2000f). In another instance, a Latino telephoned his “actual” employer (i.e., not the temporary agency that hired him but the corporation in whose warehouse he worked) and reported that he could not make it to work that day. Because the English-speaking person to whom he spoke could not understand him, he was paid minimum wage (\$5.15/hour, a \$2.35/hour decrease) for the entire week as punishment for missing one day’s work (Mendoza 2001).

Flexible Labor and Production

The move to flexible labor systems is the product of conscious decisions by employers who seek to correlate the terms of employment as closely as possible with product market demand variability. The highly desired work habits of Latino immigrants are not ethnic character traits but contextual products of immigration.

And these employment trends are neither transitory nor insignificant. The drive for flexible labor is long term and, for many workers, ominous. Such employment arrangements eliminate internal labor markets and thereby the opportunities for upward mobility within firms. For new immigrants or for the citizen workers who work alongside them, being a “just in time” worker means unpredictable paychecks, chaotic personal schedules, last-minute childcare arrangements, and disrupted families.

The utilization of new immigrants serves as a battering ram, representing a substantial reduction in employer responsibility for the social reproduction of labor power. The costs for the human capital development of immigrant workers have been borne by another nation. Their utilization as flexible labor means that the additional costs of maintaining them as workers—sick leave, health insurance, and paid vacations, to say nothing of employee training and development—are also eliminated. Immigrants’ legal status may mean that, despite having federal taxes withheld from their paychecks, their access to national social insurance benefits is limited or nonexistent. Societal costs for the social reproduction of labor power are reduced to zero through externalization (to other nations) and “privatization” (to the individual worker).

Public policies that require employers and staffing agencies to assume the social costs of labor, for example, by directly providing health insurance coverage to employ-

ees, are necessary. Employment laws that require comparable benefit coverage for permanent and contingent workers need to be pursued. Such significant employment reform cannot occur, however, in the absence of significant immigration reform. This research suggests a close relationship between the trend toward low-wage contingent work and employers' capacity to implement flexible production systems.

Note

The quote used as the epigraph for this paper is from Mendoza 2000d.

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