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## Temporary Job and its Impact on Employee Performance

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# Temporary Job and its Impact on Employee Performance

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## I. OPERATIONAL BACKGROUND

All organizations require employees who have ability to lead and fulfill all requirements of organization. Organizations on the behalf of their ability achieve their targets and to touch its goal. Employees are back bone of an organization. Selection of employees is an important and difficult task to be completed. Any wrong selection leads an organization in the wrong direction.

All selected employees provide their services in the betterment of an organization. To appreciate their work and motivate them, organization provide some extra benefits in shape of reward overtime etc. these motivations enhance the working capacity of employees. Now a day's competition is strict and the main goal is to minimize the cost, to achieve this goal organization also apply this technique to their employees. Employment on contract base is an example of this cost reduction even though the manager can use contract workforce approach in order to decrease costs and increase flexibility (Rogers, 1995).

Contract job is different from standard employment due to bargaining power of managers.

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Permanent employees are rewarded huge benefits during employment. But temporary employees can not avail such benefits. No doubt in this case organizations can save a huge amount at retirement, on the other hand this nature of job also effects on employee performance. Business performance is directly related with ability to adopt changes in number and nature of the employees.

Concept of Contract job was introduced in 1970's when unemployment in Europe was rise. In 1980 this was established at 80% in France and up to 90% in Spain. Since the 1980s, many organizations have changed their business operations (Handy, 1995). Temporary job plays a major role in total employment. It is projected that, in 2001, contract workers made up about 9.4% of the total workforce The Bureau of Labor Statistics (2001). Contract job practice has been increasing in a number of countries which is a attention able (cf. OECD 2002, Booth ET al.2002a). This high rate is due to less risk for firm. Employee's performance has positive relation with job security. Contract base employees are easy to hire and terminate. These employees are hired in case when there is a need of employees like seasonal work or increase in demand and after end of these conditions these employees can be terminated.

Employees wish for perks systems that they distinguish as being fair and equal with their skills and expectations. Perks includes all monetary and non monetary rewards received by them for the performance of their jobs. Indirect compensation comprises the many benefits supplied by employers, and non financial compensation includes employee appreciation programs, gratifying jobs, and flexible work hours to accommodate personal needs. Perks and incentives are driven force for employee's performance, but these facilities are not provided to temporary employees which effects on their performance. Perks are normally non monetary benefits. Electronic Arts, is a big organization in video games, which uses perks flexible hours to its employees (Richtel, 2005).

Loyalty to organization has been derived from the concept of organizational obligation which is based on three concepts accept the organization goals and values , extra struggle on behalf of organization, and desire to remain with organization ( Mowdey porter and steer 1982). Contractual employees have not secured a

permanent position in organization these non secure position effects on its loyalty. Loyalty has positive correlation with job duration. Searching for a better paying job now become a habit of a number of employees this ratio is more in contract employees as compared to permanent employees. This is the cause of decrease in loyalty.

Any organization can make progress only if its employees perform in better way. Employee's performance is a major source of achieving the organization's goals (Mwita, 2000). However there are different factors affecting the employee performance this study has to focus on nature of job with respect to job security.

## II. PROBLEM STATEMENT

This study has to find whether contract or permanent employees have same performance or not. As contract job has limited commitment which create a situation of uncertainty in employee mind. Employees performance is depend on long term Relationship between the employee and the organization (Organ & Ryan, 1995) and agreements between organization and employee (Moorman, Blakely, & Niehoff, 1998). This uncertainty reduces the performance level of an employee, which is not better for an organizations' strategic objective. On the other hand contractual employees have short term relation with organization and as well as employer. Permanent employees have reverse nature and long time relation with organization and employer which increase performance level. Contract job have ultimately bad effect on organization performance which decrease overall profit. Temporary jobs increase the opportunities of more profitable job but in another way due to increase in job finding rate it increase wage pressure which slightly decrease profit. Objective of this study is to find the difference between performance level between contract and permanent job. This study will prove when employees are feel security about there job they will perform at better level then insecurity conditions Significance of the study is that this will find if contract job has low risk for firm it also decrease employee performance. This study will debate to provide different performance level.

## III. LITERATURE REVIEW

Uncertainty about job is harmful discernment penalty employee performance (Ashford, Lee, & Bobko, 1989; Davy, Kinicki, & Scheck, 1997) though, as job anxiety has capture a somewhat partial attention from scholars" (Hartley et al., 1991, p. 10), our perception of job diffidence and its consequences is confined and vulnerable by theoretical as well as experiential ambiguities. In contrast to constructs which have generated more research interest, a great deal of theoretical and empirical work is needed, we dispute, to detain the nature of job uncertainty. It is found that job

uncertainty is linked with harm health (Jick, 1985 ; Hartley et al., 1991 Barling & Kelloway, 1996;). rational suffering, and work-to-leisure time carry-over increase Proportionately with the intensity of job insecurity (e.g. Ashford et al., 1989) Employees responses toward employment condition and job nature, but, this reaction is because of many factors, like labor market, individual characteristics, family dependability, age, sex, etc. For instance, employee's expectation to get another job may vision the altering nature of work optimistically. on the other hand, those who have financial task for their associates or who consider that they Face hurdles to find a new job may snap unconstructively. Indeed, some writers say persons who have experienced secure and long term employment now, face nervous conditions (Roskies & Louis-Guerin, 1990). Job uncertainty refers to perception concerning stability in a job position" (Davy et al., 1997, p. 323),

"On the whole misery about the future continued existence of the job" (Rosenblatt & Ruvio, 1996, p. 587), possible risk to continuity in his or her current job" (Heaney, Israel, & House, 1994, p. 1431), and incapacity to retain required continuity in a defenseless job situation" (Greenhalgh & Rosenblatt, 1984, p. 438). Job insecurity has been found to associate with reduced levels of job satisfaction (Ashford et al 1989). Workers who felt insecure about their job dissatisfy with their current jobs as compared to persons who seeming their future job position more secure. Comparable results have been obtained in a number of studies (e.g. Davy et al., 1997). Nevertheless, the associations between job uncertainty and employee performance may not be as precise as described by this concise analysis. First of all, that all studies have not found that job insecurity is directly related to weaken work performance and well-being. Furthermore, even where the findings are matching the magnitudes of relationship vary considerably between studies. There are now a satisfactory number of studies, conducted in a diversity of settings, to inspire the use of meta-analysis in order to disclose trends in relationship while also investigating the role of different contexts. Second, it may be that different feature of job insecurity relate differently to these types of results. Because an apparent loss of permanence in a job position can distance the range from threats of forthcoming job loss to loss of imperative job features (Davy et al., 1997). Qualitative job uncertainty was more powerfully related to performance at the same time as quantitative insecurity evidenced stronger relationships with different aspects of health Complaints (Hellgren et al. 1999).

Primarily, the literature on employee perks does not deal with the particular issues considered here. The nearby papers are Jensen and (Meckling 1976) and (Oyer 2006). In their determining study of organization problems in perk spending, (Jensen and Meckling 1976) agree that perks to have a yield use and to increase the

firm's worth, but their focal point was only managers ability to misuse the perks. The efficiency aspects of the benefits show in their model only in a much-reduced form and therefore do not participate any attractive role. However, Oyer does not think about formal incentive contracts, which limits the possible insights from his model. Our paper is also associated with the perks and contract employees because contract employees can not avail such benefits there fore they can not perform their best level.

Achieving the loyalty of employees is an important task for any organization. Loyal employees focus on customer demand and try to fulfill their need by their own performance. Employee loyalty is a popular research topic (Allen, 1989; Cole, 2000; Futurist, 2000; Drizin, 2003) because it is related to employee performance (Futurist, 2000). Employee loyalty is depends on duration for which it has served the organization (Finnie & Randall, 2002). Working in an organization for long duration represents a form of loyalty. But when employees are hiring on contract base then their job duration is not defined like permanent employees. Due to this uncertain situation they can not perform at required level.

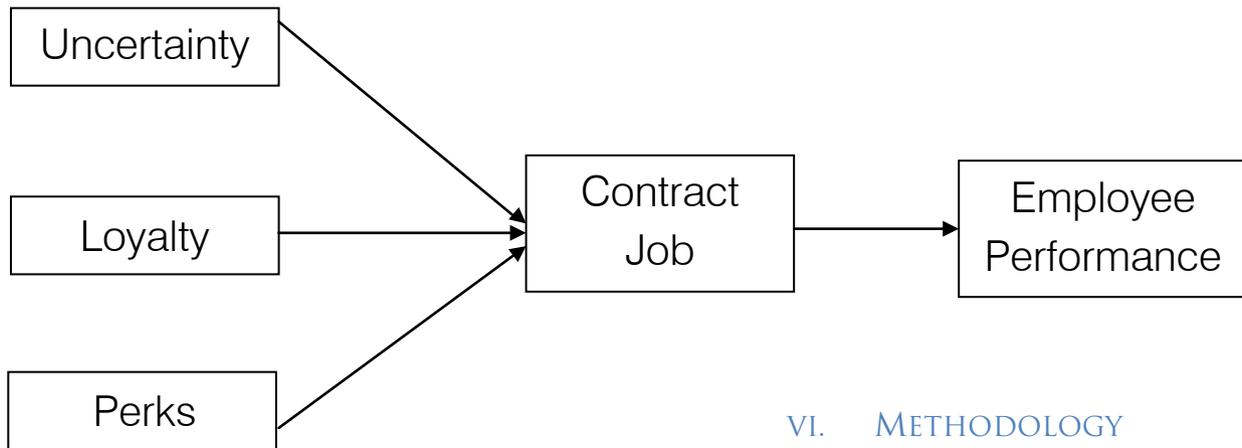
In reaction to the increasing exercise of contract workers, there has been an increase in observed and hypothetical research on this topic (e.g., Beard & Edwards, 1995; Davis-Blake & Uzzi, 1993; Hulin & Glomb, 1999; Pearce, 1993). Temporary employees work hard to continue their job but their work is not recognized. Researchers have proved the differences in

performance and behaviors between permanent and contract human resource (e.g., Van Dyne & Ang, 1998; Broschak & Davis-Blake, 1999; Bishop & Goldsby, 2000) or on predictors of Attitudes and behaviors of contract workers (e.g., Feldman, Doeringhaus, & Turnley,1995). Ellingson, Gruys, & Sackett, 1998;

Each employee has a unique capability and capacity which can not be matched with another, but this capability is depend on many other factors. This work is based on the view of job security and employee performance. There is a direct relation between job security and employee performance. Contract employment has a less attraction as compared to permanent employment. Because contract employees have not been attain many permanent facilities like certainty in job, perks, these factor have direct correlation with employee performance. Contractual employees have less loyalty to organization due to short term agreements about job.

IV. THEORETICAL FRAME WORK

This theoretical frame work has been formulated to identify the different factors effecting on contract base employee performance. In past a lot of research has been conducted to enhance the employees performance. But here it is differentiated that performance is a dependent variable which depends on a lot of independent variable. This research is based on independent variable contractual employment, uncertainty, perks and loyalty effect.



V. HYPOTHESIS

- H1 Uncertainty in job decrease the performance of contract employees
- H2 Workers in contract employees have high performance as compared permanent
- H3 Perks are motivation factor to increase employee performance
- H4 Contract employees loyal to their organization

VI. METHODOLOGY

This study is carry out to identify the association of independent variables as uncertainty, perk, loyalty toward the contract job, which is a moderator and employee performance being a dependent variable. The population of this study is employees working as contract or permanent base. Questionnaires were spread in person to workers/employees within different organization. A sample of 100 employees of different categories in organization has been selected and questions were distributed them, out of which 82

questionnaires filled and received which shows 82% respondent rate. All variables are calculated with 5-point Likert scale as 1 for Strongly Disagree, 2 for Disagree, 3 for Neither Agree or Disagree, 4 for Agree, 5 for Strongly Agree.

VII. DISCUSSION & FINDINGS

It is accepted that performance of employee is a necessary element for organization as well as employer. Mainly employees are of two types with standard employment like permanent and secondly on contract basis called temporary employees. Here this study is try to prove that there is a huge difference between performance of contract and permanent employees. Contract employees due to uncertainty in job can not perform in better way. Individual employee who has expectation for a new job easily may like the contract base job but this liking may effect by market conditions like inflation and unemployment, such person will feel insecure employment conditions (Roskies & Louis-Guerin, 1990). On the other hand when a individual has secure job it will increase positive expectations about its job (Davy et al., 1997, p. 323), also create mentally satisfied about its future (Rosenblatt & Ruvio, 1996, p. 587), means to decrease threat of job loosing in his or her current job(Heaney, Israel, & House, 1994, p. 1431). There are different definitions about job uncertainty which depends on perception and understanding of environment by individuals (Greenhalgh & Rosenblatt, 1984; Hartley et al., 1991). Job insecurity create stressful event in such a way that the employee can not perform properly.

Loyalty to organization is a quality of employees who perform in the betterment of organization objectives. Loyalty to organization has strong relation with employee performance (Mowdey et al 1982). Loyal employees create loyal customer. An employee how much loyal to organization depends on a number of factors which of one is employment duration within same organization. Loyalty increases as duration of employment increases. When employees are hired on contract base their duration seem short at initial stage. In this situation they are in search of better job which results decrease in loyalty. That is the reason due to which permanent employees are more loyal toward

organizational objectives. An employee's stay with the same employer urge employees potential to organization (David Stum, Cole, 2000), president of the Loyalty Institute, such employees are also ready to sacrifice for the betterment of the company (Leininger, 2004). 'Being happy' is motivational factor that makes employees stay in the same company. Respondents have thought that contract employees have less loyalty as compared to permanent employees.

Organizational objectives are achieved only due to employee's performance. If an organization have achieved its targets mean that its employees have work hard for such achievement. Some organizations are appreciating their-employees in the form of perks and such like benefits. This appreciation is courage for employees to enhance its ability, but these benefits are provided only to permanent employees. Contract employees are main source of employment as 80% in France and up to 90% in Spain this great segment is not provided by perks and incentives. This factor discourages the performance level of contract employees. There is highly correlation between incentives and performance of employees. Organization has single objective which is to achieve the desired goal in term of profit. To achieve this objective organization hires different employees having ability to contribute their share in organizational objective. Employees are paid in two ways as salary and perks (incentives). Positive correlation is observed between performance and incentives (Cohen & Cohen, 1983) but weak correlation between pay and job satisfaction (Spector, 1997).

VIII. ANALYSIS

Table 1 : Descriptive Statistics

	Mean	Std. Deviation	N
Loyalty	3.9878	.75076	82
Job security	4.5061	.74464	82
Incentives	4.0549	.83889	82
Contract	3.3244	.63917	82
Performance	3.9837	.68674	82

Table 2 : Correlations

	Loyalty	Job security	Incentives	Contract job	Performance
Loyalty	1				
Job security	.303**	1			
Incentives	.393**	.428**	1		
Contract job	.159	.198	-.126	1	
Performance	.396**	.440**	.394**	.187	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Data was collected from 82 respondents with 23 different items. Cronbach alpha test is applied on the questionnaire 68.7% reliability was found which is acceptable. From 82 respondents with reference to gender 34.4% were female and 66.4% were male and according to marital status 41.5% were unmarried while 58.5% were married. They were also asked by their job nature and found that 54.9 were permanent and 55.1% were on contract base. According to age respondents were divided into three groups 21 – 29, 30 – 35, and 36 and above respectively. In our data 87.8% were in age 20 to 29, 8.5% in 30 to 35, 3.7% were in 36 and above. According to questionnaire these results were found in table 1 mean of loyalty is above 3 which shows that respondents agree that loyalty has effect on employee performance. Independent variables incentive and job security have above 4 provided that respondents are strongly agreed uncertainty decrease performance while incentives have positive effect on it. Mean of contract is slightly above 3 which show that respondents have neutral views about contract and permanent job nature. Performance has mean near to 4 which move in direction that respondents were agree that performance has relation with these independent variables.

Applying the correlation of the statistical interference in table 2 shows that loyalty has strong relation with incentives, job security, and performance and weak relation with contract job. Among the independent variables job security shows strong positive relation with incentives and performance while weak relation with contract job. Independent variable incentive show strong relation with performance and negative relation with contract job. Table shows that contract job has weak relation with performance.

Using the Regression analysis on data it is concluded that how performance depend on independent variables loyalty, job security, incentive and contract job. Performance has constant value  $\beta_0$  0.971 and dependency on loyalty  $\beta_1 = 0.188$ , job security  $\beta_2$  0.281, perks  $\beta_3$  0.176, contract  $\beta_4$  0.141. Performance can be measured by equation  $Performance(y) = 0.971 + 0.188 Loyalty + 0.281 Job\ security + 0.176 Perks + 0.141 Contract$ .

## IX. CONCLUSION

It is concluded from analysis that performance is a function of many other variables. This study has selected the contract job with job security, loyalty, incentives. Employees show highly association toward job security and incentives. These variables has relation with each other performance has strong positive relation with job security and incentives but it shows weak relation with contract job.

## X. RECOMMENDATION AND SUGGESTION

From this and previous researcher work it is suggested for an organizations which are in competing position should focus on its employees, because employees are back bone for an organization. Organization should take different steps to enhance the working skill of their employees. Employees should be hired on permanent base, if these are hired on temporary or contractual base their performance should be recognized and appreciated by incentive. Measurement of employees' performance has multidimensional aspects in future research can be done how this can be enhance.

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