

**THE PSYCHOLOGICAL CONTRACT AND JOB INSECURITY OF  
TEMPORARY EMPLOYEES CONTRACTED TO A HEALTH INSURANCE  
COMPANY**

**By**

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**TITLE: THE PSYCHOLOGICAL CONTRACT AND JOB INSECURITY OF TEMPORARY EMPLOYEES  
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**ABSTRACT**

Extensive research on the experience of the psychological contract and job insecurity of temporary employees has taken place internationally. However, no studies were conducted in South Africa focusing on the psychological contract and job insecurity of temporary staff employed by a Temporary Employment Service Provider. There has been a proliferation of firms involved in Temporary Employment Services since 1983 in South Africa and the industry has grown exponentially since 1996. To accomplish the objectives of this article, literature and empirical research was used. A survey questionnaire was used to assess the demographic information and to measure the experience of the psychological contract and job insecurity as to determine the correlation and difference in experience by temporary personnel in a South African health insurance company. A cross-sectional design was used to assess interrelationships among variables within the target population ( $N = 149$ ). The psychological contract questionnaire determined the personnel's experience of specifically employer obligations. Further objectives included determining the degree to which the psychological contract is related to job insecurity levels, their involuntary or voluntary status and their demography. A further objective was to make recommendations regarding the same to the Temporary Employment Industry. The results showed that work promises, work atmosphere promises and management promises were largely perceived to be kept and organisational promises were half kept. Factors of job insecurity related strongly to factors of the psychological contract, particularly job insecurity factors relating to threats to present tenure and optimism of future tenure. The literature study has shown that voluntary status has a moderating effect on job insecurity but the empirical study has shown that this effect was marginal in this case study. Demography was not found to show a significant difference on the employees' psychological contract and only showed a relation to job insecurity on face value. Several recommendations related to the findings were made to Temporary Employment Service Providers.

**OPSOMMING**

Breedvoerige navorsing oor tydelike werknemers se ervaring van hulle sielkundige kontrak en werksonsekerheid het reeds op internasionale vlak die lig gesien. Tot op hede was geen studies in Suid-Afrika gedoen wat fokus op die sielkundige kontrak en werksonsekerheid van tydelike werknemers in diens van 'n Tydelike Werknemer-Diensverskaffers nie. Suid-Afrika het vanaf 1983 'n toename ervaar in organisasies wat Tydelike Werknemer-Diensverskaffers gebruik word. Sedert 1996 het hierdie bedryf noemenswaardig gegroei. Daar is gebruik gemaak van 'n vraelysopname om die demografiese inligting te ontleed asook om die ervaring van die sielkundige kontrak en werksonsekerheid te meet, met die uiteindelige doel om die korrelasies en verskille in ervaring van tydelike werknemers in 'n bepaalde Suid-Afrikaanse mediese versekeringsmaatskappy vas te stel. 'n Dwarsdeursnit-ontwerp is aangewend om die interverwantskap van veranderlikes ten opsigte van die teikenpopulasie ( $N=149$ ) te bepaal. Die sielkundige kontrak-vraelys had ten doel om die ervaring van werkgewers ten opsigte van hulle spesifieke werkgewersverpligtinge te determineer. Verdere doelwitte was daarop gemik om vas te stel hoedanig die sielkundige kontrak verwant is aan werksonsekerheidsvlakke, willekeurige of onwillekeurige werkstatus, en demografie. Die studie wou voorts sinvolle aanbevelings met betrekking tot bogenoemde kwessies aan die Tydelike Diensverskaffer-Industrie voorlê. Die resultaat van die studie dui aan dat werksbeloftes, werksatmosfeerbeloftes en bestuursbeloftes by die betrokke instansie grotendeels nagekom is terwyl organisasiebeloftes slegs ten dele nagekom is. Faktore van werksonsekerheid blyk sterk verwantskap te toon met faktore rakende die sielkundige kontrak, meer spesifiek werksonsekerheidsfaktore wat verband hou met bedreiging van huidige werksduur en optimisme ten opsigte van toekomstige werksduur by die organisasie. Die literatuurstudie toon aan dat vrywillige status 'n veranderende uitwerking op werksonsekerheid het, met die empiriese studie wat uitwys dat hierdie effek nie beduidend is nie. Daar kon geen betekenisvolle verskil vasgestel word tussen demografie en die werknemers se sielkundige kontrak nie terwyl demografiese inwerking op werksonsekerheid slegs nominaal aangetoon kon word. Verskeie tersaaklike voorstelle voortvloeiend uit hierdie studie, is voorgelê aan die Tydelike Diensverskaffer-Industrie.

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## **CHAPTER 1**

### **1.1 PRELIMINARY TITLE**

The psychological contract and job insecurity of temporary employees contracted to a health insurance company.

### **1.2 KEY WORDS**

The psychological contract, Temporary Employment Services (TES), Temporary Employment Service Provider (TESP), Labour Broker, labour broking, contingent work, contingent worker, flexiworker, contingent employment, part-time employment, job insecurity, job status.

### **1.3 PROBLEM STATEMENT**

Temporary Employment Services (TES) is a term adopted in the Labour Relations Act (LRA) of 1995 for what the International Labour Organisation (ILO) calls private employment agencies (Theron, Godfrey, Lewis & Pienaar, 2005). However, the first legislative provision for TES was made in 1983, when the LRA of 1956 was amended to provide for what it called a “labour broker’s office”. The 1956 LRA defined a labour broker as someone who “for reward provides a client with persons to render services or perform work for the client or procures such persons for him, for which service or work such persons are remunerated by the labour broker.”<sup>1</sup> In this study there shall be referred to the Temporary Employment Service Provider (TESP), not the old term commonly used as labour broking. The definition of TES in the 1995 Act is found in the section of the LRA that deals with TES. Theron et al. (2005) correctly state that this is the only section of the LRA that refers to this phenomenon, as though everything to do with TES could be contained in a discrete provision and consistent with the 1983 amendments, the TESP is regarded as the employer of those it procures or provides, who are the employees of the TESP.

The face of TES in South Africa has changed substantially in its sophistication of offerings to clients since the mid-1990’s (Jack & Halsey, 2003). With the advent of rapid change to the unique service TES delivers, the psychological contract of temporary employees have not yet been subjected to formal empirical study in South Africa. Gerber, Nel and Van Dyk (1999) aver that South Africa’s re-entrance to world competitiveness, after decades of isolation, brought new dimensions of employment relations into organisations. This had a definite influence on the development of the TES industry and employment relations of temporary employees. South African organisations tend to focus more on the ability of rapid

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<sup>1</sup> See section 1 of Act 28 of 1956, as amended by Act No 2 of 1983.

change and greater flexibility (Frost, 2001), a tendency Schalk and Rousseau (2001) affirm is experienced internationally. Secure employment terms have become more uncertain and insecure (Burke & Cooper, 2000; Sverke, Hellgren & Näswall, 2002). This has been observed in the literature on psychological contracts, where job security and career advancement opportunities have been seen as important aspects of an individual's mental expectations of the organisation (Anderson & Schalk, 1998; Guest & Conway, 1997; Shore & Tetrick, 1994). Schalk and Rousseau (2001) state that the contemporary employment relationships are also changing as a consequence of breakthroughs in information, a rise in global competition and escalating interdependence between organisation and people. Anderson and Schalk (1998) show that this emergent form of employment relationships has new dimensions and characteristics. They indicated a shift in focus from security, continuity and loyalty to exchange and future employability. A past form illustrated by Anderson and Schalk (1998) show a structured, predictable and stable format, the emergent form being unstructured, flexible and open to renegotiation. The underlying basis as a characteristic of Anderson and Schalk (1998) point towards a past form of tradition, fairness, social justice and socio-economic class. An emergent form in this regard is more related to changing market forces, saleable abilities and skills and added value. They also show that contractual relations are changing from formalised, mostly via trade union or collective representation relations to an emerging form of individual responsibility to barter for their services (internally or externally).

This is evident in companies using TESP as a way in achieving flexibility. From this perspective, the motivations by South African industries for using temporary employees are many as Jack and Halsey (2003) illustrate that TESP's has the potential to cater for human resource peaks and valleys in seasonal business, 'temping' is apparent across all industry sub-sectors for a short-term contingent need or for longer periods, companies outsource the human resource aspect and focus on core business, a reputable TESP will have an attraction and retention strategy in place to ensure a pool of skilled and tested assignees and TESP's recognises the increasing demand for an attitudinal and behaviour fit alongside the appropriate skills level.

They also indicate the benefits for the South African assignee joining a TESP (Jack & Halsey, 2003) as TESP's creates jobs because the conversion rate of temporary workers to permanent employees are is very high, 'temping' is an opportunity to get experience of different industries and to learn new skills and it is an entry to the world of work.

The importance of understanding this segment of the workforce is increasing as the numbers in it increase. Macdonald and Makin (1999) confirm that the proportion of the workforce on temporary contracts of employment is increasing, as organizations use non-permanent staff as a flexible resource. According to the Confédération Internationale des Entreprises de Travail Temporaire (International Confederation of Temporary Work Businesses or CIETT) this has significantly increased worldwide over the last 50 years and in many countries, temporary work contributes to the optimum growth of employment and to a properly functioning labour market (CIETT, 2003). In a CIETT (2002) report on the South African Temporary Employment Services, it was estimated that the entire temporary workforce in South Africa exceeded 144 150 temporary workers. This equates to approximately 1.04% of the entire economically active South African workforce. Experience indicates that South Africa is following international trends in the increasing requirement of flexibility in the workplace (Jack & Halsey, 2003). Meyers predicts (as cited in Berchem, 2002) that by 2010, less than half of the work performed in US organisations will be done by full-time employees. The European Commission (1997) estimated that 7.1 percent of the working population of the UK in employment are not employed on a permanent contract or, in other words, 1.5 million employees in the UK have no permanent job tenure. Theron et al. (2005) have found that it is clear from survey data recovered by them that there has been a proliferation of firms involved in TES since 1983 and that labour broking has grown exponentially since 1996, the year the LRA was adopted. They confirm that this trend has continued almost until the present day. Given the increasing numbers of temporary staff, an understanding of the type of psychological contract held by these employees may be of considerable importance for managers (McDonald & Makin, 2000).

It appears that flexiworkers experience more job insecurity than workers with permanent contracts (Klein Hesselink & Van Vuuren, 1999). Contingent workers are also acknowledged to differ demographically from full-time employees, but the extent to which work attitudes differ is less clear (Conway & Briner, 2002). Smithson and Lewis (2000) state that the rise in perceived job insecurity in the United Kingdom is age related. The strongest feeling of job insecurity are held by the youngest, and the oldest, members of the workforce (Burchell et al., 1997;1999). In Smithson and Lewis (2000) study it was found that job insecurity emerged as a strong theme among the study population who ranged from 18-30 years old. In this case study the respondents are also youthful and may harbour a strong feeling of job insecurity as well. A lack of job security has been linked to greater job strain particularly amongst men (De Witte, 1999), and men in this study may also show a more negative psychological contract with a higher level of job insecurity. Rousseau (1995) shows that different people have different perceptions of the psychological contract, even within the same organisation, and the contents of the psychological contract

are specific to a time and to a person, and also to the characteristics, and particularly the skill level, of a job.

The metaphor of the psychological contract has recently become very popular in the organisational psychological literature as a way of examining and exploring the expectations that individuals have of their relationship with their employer (Macdonald & Makin, 1999). The “psychological contract” refers to the expectations of employer and employee, which operate over and above the formal contract of employment (Argyris, 1960), i.e. the perceptions of the different parties to the employment relationship of what each owes the other. Levinson, Price, Munden, Mandl and Solley (1962) described the psychological contract as the sum of the mutual expectations of the parties to the employment contract. This also incorporates beliefs, values, expectations and aspirations of employer and employee (Rousseau, 1995). Certain authors make a distinction between contract breach and contract violation (Morrison & Robinson, 1997; Robinson, 1996). A violation of the psychological contract refers to emotional and affective reactions such as those that can arise when the individual feels that the organisation failed to properly uphold its end of the psychological contract (Morrison & Robertson, 1997). It has been used in a number of ways to better understand the employment relationship (e.g., by considering its contents and how the psychological contract is negotiated), but the key construct within psychological contract theory in terms of its relationship with outcomes is psychological contract fulfilment/breach (Conway & Briner, 2002). A breach of the psychological contract is based on the individual’s perceptions of what an organisation has promised and how well the organisation has fulfilled these promises (Robinson & Morrison, 2002). Hellgren (2003) shows a breach refers the cognitive perception that the organisation has failed to uphold one or more aspects of the psychological contract. Druker and Stanworth (2004) adopts the approach of Levinson’s definition of the psychological contract being the sum of the mutual expectations of the parties to the employment contract – but with the difference that they are concerned with three parties to the relationship instead of two. That is also the approach that will be adopted in this study.

The relationships, both formal and informal, that people have with their employing organisations are undergoing rapid, and sometimes far-reaching changes (Macdonald & Makin, 2000). This may be resultant of the changes that labour markets experience internationally. The psychological contract provides a way of examining how such changes are perceived by those most directly affected and gives some indication of the effects such changes may have on their attitudes and behaviour (Smithson & Lewis, 2000). Heriot (1992) argues that workers today experience new psychological contracts as societal attitudes and the work situation change. Hellgren (2003) argues that the changes to society and the

ensuing organisational changes we witnessed during the 1990s have increased the likelihood that the individual will perceive and interpret an organisation's action as being a breach of the psychological contract.

Psychological contract fulfilment has been found to associate positively with job satisfaction, organisational commitment, organisational citizenship behaviours (OCB) and performance, and to associate negatively with the intention to quit (Guzzo, Noonan & Elron, 1994; Robinson, 1996; Robinson & Morrison, 1995, 2000; Robinson & Rousseau, 1994; Turnley & Feldman, 1999). Psychological contract theory is today one of the most used explication models for understanding the relationship between job insecurity and negative reactions as diminished loyalty and performance (De Witte & Näswall, 2003; King, 2000; Roskies & Lewis-Guerin, 1990). As such, the psychological contract seems like a very plausible approach to understanding attitudes and behaviours across different types of employment contracts (Conway & Briner, 2002); and has been found to be of use in the understanding of contingent workers by Van Dyne and Ang (1999). This study uses the psychological contract theory as an exploratory framework to examine the psychological contract and its usefulness in understanding the nature of employment relationships, specifically the job insecurity of 149 temporary employees contracted by a TESP to a prominent health insurance company in South Africa.

Robinson and Rousseau (1994) argue that the psychological contract involves “promissory and reciprocal obligations” that are not included in the formal contract of employment. Promises of future behaviour by the organisation are contingent upon some action by the individual. Levinson et al. (1962) see this psychological contract as an exchange relationship between employer and employee in which each party has expectations about mutual obligations. McDonald and Makin (2000) state that although the organisation is perceived as making these promises or reciprocal obligations, the individual, not the organisation, defines them. The definitions that enjoy current prominence tend to emphasise the importance of the subjective understanding and experience of the employee (McLean Parks, Kidder & Gallagher, 1998). The individual interprets the various actions of the organisation and infers their psychological contract with the organisation on the basis of these actions. Employees enter into an employment relationship with an understanding that their employer has certain obligations to them, and they to their employer, thus creating an atmosphere of reciprocity. Pugh, Scarlicki and Passell (2003) suggest that this can include beliefs about role responsibilities, job insecurity and an employer's integrity.

There are however, as McDonald and Makin (2000) point out, inevitable similarities in people's perceptions, often determined by the common work situation that they share. This study would aim to

point out those unique similarities in perceptions of temporary employees contracted to the same company. In addition, whilst the specific content of the contract may vary from individual to individual, and group to group there are, according to Rousseau (1990), common categories that seem to exist across all contracts. In a study of 224 MBA graduates, Rousseau (1990) found two distinct sets of employee obligations. These she referred to as *relational*, and *transactional*. A transactional psychological contract is characterised by obligations that might be considered to be “economic” in nature. They include a willingness to work overtime, to provide high levels of performance for contingent pay, and to give notice before quitting, but the employee feeling no loyalty to the organisation. A relational contract, on the other hand, is characterised on the employee’ side by perceived obligation to their employer of loyalty, and on the employer’s by an obligating to provide job security. These factors, it is argued by Rousseau (1990), are representative of a relational psychological contract as employees’ wish to build a long-term relationship with their employers. As can be seen, the two types of contracts can often be implicitly differentiated by the time span of the contract. Transactional contracts tend to be short term, whilst relational contracts imply long-term reciprocal expectations and obligations. It is important to note, however, that psychological contracts are not usually either/or. Rather the descriptions given above represent two ends of a continuum (Rousseau, 1990).

Rousseau (1995) associates the emergent form of flexible and limited duration employment agreements as transactional contracts. Robinson and Rousseau (1994) found that those with a predominantly transactional contract will only put in what they feel they will get out. The personal commitment and trust that characterises the relational contract is likely to be absent. The increased use of temporary, fixed term and self-employed contracts called into question the traditions of relational contracting and was associated with greater emphasis on personal responsibility for skill development as the individual moved across and between organisations (Bergström, 2001; Herriot & Pemberton, 1997; Stiles et al., 1997). Hiltrop (1995) asserts that as job security diminished in the early part of the 1990s so it was argued that the traditional psychological contract premised on the notion of a ‘career’, had been sacrificed in favour of ‘self-reliance’ and ‘adaptability’.

In the research literature, job *security* is defined in different ways. Van Vuuren (1990) mentions definitions of this concept, delimiting it as: a motivating factor, a reward, an attitude, a need, a promise, and as part of the organizational context. Klein Hesselink and Van Vuuren (1999) treats job *insecurity* as a perceived aspect of the organizational environment. Their description of job insecurity is based on three aspects. First, job insecurity is a subjective phenomenon. Second, job insecurity concerns the future. Third, job insecurity concerns personal retention of the job and not the continuation of the job itself. It is

therefore a personal concern about the continuity of the job. Klandermans, Van Vuuren and Jacobson state that two dimensions give rise to job insecurity: the perceived probability and the perceived severity of losing one's job (as cited by Klein Hesselink & Van Vuuren, 1999).

In the US context, employment practices of many companies since the Second World War included job security for their workforce (Bluestone & Bluestone, 1992). This is also the case in South Africa before the mid-1990s where the focus changed to the ability for rapid change and greater flexibility (Frost, 2001). Increased competition and the restructuring of companies in the 1980s and 1990s have virtually eliminated this long-standing practice, have made layoffs a fact of life for many employees in many industries, and are requiring employees to compete for work in a labour market consisting of short-term appointment, vast wage dispersion and uncertainty, and fewer benefits (Barber, 1996; Rifkin, 1995; Harrison, 1994; Harrison & Bluestone, 1998). Pfeffer and Baron (1988) assert that companies, such as the one in this case study, are rapidly separating their workforce into core and buffer workers, leading to a dualism in management and labour similar to the early industrial era. Bishop et al. (2001) believes reasons for this managerial practice include providing the organization with a flexible workforce, freeing the organization from a number of human resource management tasks, allowing the organization to evaluate workers prior to hiring them on a full-time basis and, in some cases, shielding permanent workers from layoffs. Meadows affirm that while the increase in flexible working arrangements is often thought to be associated with worker choice, the drive for increased use of non-permanent contracts has come from management (as cited by Smithson & Lewis, 1999). Most employees with a temporary or fixed term contract would prefer a permanent one (Brewster et al., 1998).

Ferrie (2001) stated that job insecurity could be experienced at a personal level (subjective) or attributed externally (objective). Hellgren developed an integrated model to indicate job insecurity, focussing on the influence of subjective characteristics and objective situations (as cited by Linde, 2004).

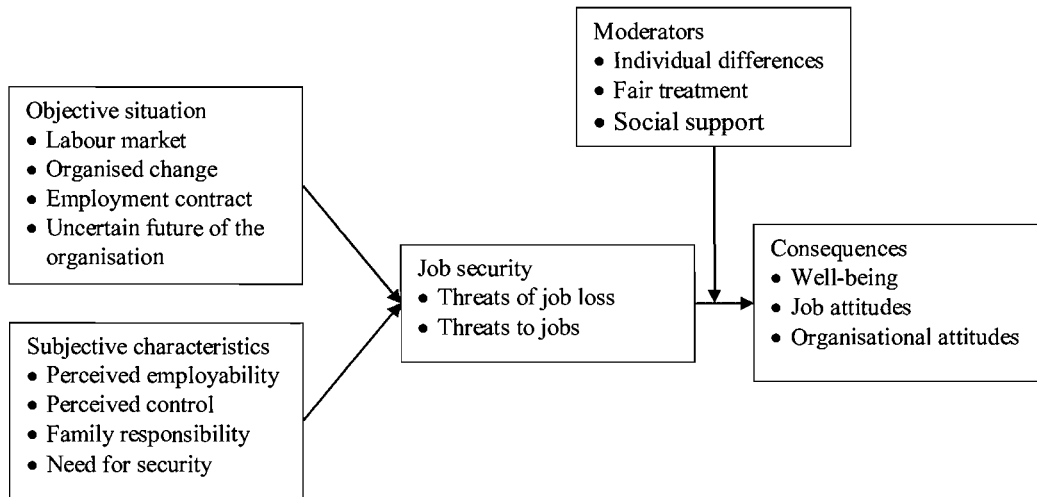


Figure 1. Integrated model of job insecurity (Hellgren, 2003, p. 24)

Perceived control, as a subjective characteristic would have an influence on job security. An important element on the exchange relationship for contingent employment is that, in return for the narrow and well specified contribution, the inducements offered by the employer tend to be short term and purely economic (Tsui et al., 1997). The short-term nature of the relationship clearly has negative consequences for employee's job security (Parker et al., 2002). Greenhalgh and Rosenblatt (1984) claim that job security refers to an employee's sense of power that they can "maintain desired continuity in a threatened job situation" (p. 438). The perceived threat can be to the total job or to desired features of the job, such as opportunities for promotion or the type of responsibilities (Parker et al., 2002). Temporary contract employees face the threat of future job loss; yet typically lack the power to do anything about this potential threat (Beard & Edwards, 1995).

Research developments in this respect have been to consider the moderating effect on outcomes of employee choice over employment status (Parker et al., 2002). Many researchers have suggested that temporary contract employees will have lower job security, especially if they are employed on this basis involuntarily (e.g., Feldman et al., 1994; Feldman et al., 1995; Lee & Johnson, 1991; Krausz, 2000). Krausz (2000) found that a match between individual preferences and the changing realities of companies and careers are instrumental for well-being at work. Individuals, who prefer temporary work as a way of life, are better off with respect to intrinsic outcomes such as autonomy, flexibility, and opportunities to use skills. In addition, Krausz (2000) states, such employees are more satisfied with extrinsic outcomes such as income and feeling of job security. The implication of his findings for this study is that individuals' personal preferences related to involuntary or voluntary temporary work should be

incorporated in the research design as they may have been forced into contingent work due to the labour market in South Africa.

No research has so far been done specifically on the psychological contract and job insecurity of South African employees in employ of a TESP. This research examines the psychological contract of 149 temporary employees contracted to a health insurance company, with particular emphasis on job security and the issues this raises for them. The information will give companies and the TES industry important insight into the functioning of temporary employees. It will also provide information about what preventative measures must be taken to enhance job security and eliminate breach/violation of the psychological contract.

The following research questions emerge from the problem statement:

- How do South African temporary employees contracted to a health insurance company experience their psychological contract?
- To what degree is the experience of the Psychological Contract related to the job insecurity levels of the contracted temporary employees?
- How are the Psychological Contract and job insecurity of the temporary related to their involuntary or voluntary status?
- What recommendations regarding Psychological Contracts and job insecurity can be made to the TES industry?

## **1.4 AIM OF THE RESEARCH**

Arising from the problem statement described above, the following general and specific aims are set for this research.

### **1.4.1 General aim**

To determine the experience of the psychological contract and job insecurity of temporary employees contracted to a health insurance company

### **1.4.2 Specific objectives**

- To determine the Psychological Contract of temporary employees contracted to a health insurance company.

- To determine the degree to which the experience of the Psychological Contract is related to the job insecurity levels of the contracted temporary employees.
- To determine how the Psychological Contract and job insecurity of the temporary employees are related to their involuntary or voluntary status.
- To make recommendations regarding Psychological Contracts and job insecurity to the TES industry.

## **1.5 RESEARCH METHOD**

### **1.5.1 Research design**

A survey will be utilised to obtain the research objectives. The entire population of temporary employees of one South African Temporary Employment Service Provider contracted to a health insurance company will be contacted to participate in this research. The specific design is a cross-sectional design, whereby a sample is drawn from a population at one time (Shaughnessy & Zechmeister, 1997). Information collected is used to describe the population at that time. The design can be used also to assess interrelationships among variables within the population. According to Shaughnessy and Zechmeister (1997) this design is ideal to address the descriptive and predictive functions associated with correlation research.

### **1.5.2 Study population**

The measuring instruments of this research will be applied to all temporary employees ( $N=149$ ) contracted to a health insurance company, comprising of 13 departments. Distribution and collection of the instruments will be in co-operation with the management of the TESP and the client company.

### **1.5.3 Measuring battery**

The ‘Tilburgse Psychologisch Contract Vragenlijst’ (Schalk, Heinen & Freese, 2001) and the Job Insecurity Questionnaire (De Witte, 2000) will be used to reach the objectives set for this study.

‘Tilburgse Psychologisch Contract Vragenlijst’ (TPC). The TPC contains questions regarding specific employer (43 items) and employee (21 items) obligations, violations of specific employer obligations (43 items), features of the relationship with the organisation (transactional-relational) (6 items), affective commitment (7 items), and intention to leave the organisation (8 items) (Schalk, Heinen & Freese, 2001).

Previous studies using this questionnaire provide support for the validity and reliability of the scales used (see Freese & Schalk, 1996; Schalk, Cambell & Freese, 1998; Schalk & Freese, 2000; Schalk, Heinen & Freese, 2001).

**Job Insecurity Questionnaire (De Witte, 1999).** The job insecurity questionnaire was developed by De Witte (1999). The questionnaire includes 11 items relating to job insecurity, including both the possibility of becoming unemployed (cognitive assessment) and the emotional experience of the possible threatening situation (emotional reaction towards it). Previous studies using this questionnaire provide support for the validity and reliability of the scales used (De Witte, 1999; Heymans, 2002; Janse van Rensburg, 2002).

#### 1.5.4 Data Analysis

The data analysis will be carried out with the help of the SPSS-program (SAS Institute, 2000). The SPSS-program will be used to carry out statistical analysis regarding reliability, validity, construct equivalence and predictive bias of the measuring instruments, descriptive statistics, t-tests, analysis of variance, correlation coefficients, canonical analysis and moderated multiple regression analysis. The Amos-program will be used to carry out structural equation modelling.

The data-analyses will proceed as follows:

- Principal factor extraction with varimax rotation will be performed through SPSS FACTOR on the measuring instruments, which have no confirmed factor structure. Principal component extraction will be used prior to principal factor extraction to estimate the number of factors, presence of outliers and factorability of the correlation matrices. The eigenvalues and screen plot will be studied to determine the number of factors underlying a specific measuring instrument. The oblique method with a promax rotation will be requested prior to the varimax rotation, to determine whether obtained factors are significantly related ( $r > 0.35$ ). If the obtained factors are significantly related, analyses will proceed with the oblique method and a promax rotation.
- A SPSS procedure to conduct targeted rotations (Procrustes rotations) (as described by McCrae, Zonderman, Costa, Bond & Paunonen, 1996) will be used to determine the construct equivalence of the measuring instruments for different language groups. According to Van de Vijver and Leung (1997), it is not acceptable to conduct factor analyses for different cultural groups to address the similarity of factor-analytic solutions because the spatial orientation of factors in factor analysis is

arbitrary. Rather, prior to an evaluation of the agreement of factors in different cultural groups, the matrices of loadings should be rotated with regard to each other. The factor loadings of separate groups are rotated to a joint common matrix of factor loadings. The procedure consists of the following steps: Firstly the target structure is specified. Secondly the hypothesised number of factors is extracted and varimax rotation is used to obtain exploratory factor loadings in the new sample. Thirdly a targeted rotation is performed to examine the extent to which differences between the target and varimax matrix are due solely to the rotation of the axes. Fourthly congruencies are calculated using Tucker's coefficient of agreement (Tucker's phi). This coefficient is insensitive to multiplications of the factor loadings, but is sensitive to a constant added to all loadings of a factor. This index does not have a known sampling distribution; hence it is impossible to establish confidence intervals. Values higher than 0.95 are seen as evidence for factorial similarity, whereas values lower as 0.85 are taken to point to non-negligible incongruities (Van de Vijver & Leung, 1997).

- An extension of Cleary and Hilton's (1968) use of analysis of variance will be applied to identify item bias in measuring instruments (Van de Vijver & Leung, 1997). Bias will be examined for each item separately. The item score will be regarded as the dependent variable, while language groups and score levels will be regarded as the independent variables. A total of ten score levels will be obtained by making use of percentiles identified through SAS UNIVARIATE. This will make it possible to use score groups with at least 50 persons each. Two effects will be tested through analysis of variance, namely the main effect of culture (language) and the interaction of score level and culture. When both the main effect of culture and the interaction of score level and culture are non-significant, the item will be taken to be unbiased.
- Cronbach alpha coefficients and inter-item correlation coefficients will be used to assess the reliability and validity of the measuring instruments (Clark & Watson, 1995).
- Descriptive statistics (e.g. means, standard deviations, range, skewness and kurtosis) and inferential statistics will be used to analyse the data. Pearson and Spearman correlation coefficients will be computed to determine the relationships between variables. Canonical analyses will be conducted to determine the relationships between sets of variables. A cut-off point of  $p = 0.05$  will be set for the statistical significance of the results. Effect sizes (Cohen, 1988) will be used to decide on the practical significance of the findings. A cut-off point of 0.30 (medium effect, Cohen, 1988) will be set for the practical significance of correlation coefficients. T-tests, ANOVA and MANOVA will be used to

determine the differences between groups. Moderated hierarchical regression analyses will be conducted to study the interaction effects between variables.

## **1.6 DIVISION OF CHAPTERS**

Chapters will be divided as follows:

Chapter 1: Introduction

Chapter 2: Research article

Chapter 3: Conclusion, limitations and recommendations

## **1.7 CHAPTER SUMMARY**

In this chapter the problem statement and motivation for the research was discussed. The purpose of the research was formulated, the methodology of the research is outlined and the methods used for the statistical analysis are described. A research article on the relationship between the psychological contract and job security of South African temporary employees contracted to a health insurance company is presented in Chapter 2.

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**NORTH-WEST UNIVERSITY  
POTCHEFSTROOM CAMPUS**

**TITLE: THE PSYCHOLOGICAL CONTRACT AND JOB INSECURITY OF TEMPORARY EMPLOYEES  
CONTRACTED TO A HEALTH INSURANCE COMPANY**

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**ABSTRACT**

Extensive research on the experience of the psychological contract and job insecurity of temporary employees has taken place internationally. However, no studies were conducted in South Africa focusing on the psychological contract and job insecurity of temporary staff employed by a Temporary Employment Service Provider. There has been a proliferation of firms involved in Temporary Employment Services since 1983 in South Africa and the industry has grown exponentially since 1996. To accomplish the objectives of this article, literature and empirical research was used. A survey questionnaire was used to assess the demographic information and to measure the experience of the psychological contract and job insecurity as to determine the correlation and difference in experience by temporary personnel in a South African health insurance company. A cross-sectional design was used to assess interrelationships among variables within the target population ( $N = 149$ ). The psychological contract questionnaire determined the personnel's experience of specifically employer obligations. Further objectives included determining the degree to which the psychological contract is related to job insecurity levels, their involuntary or voluntary status and their demography. A further objective was to make recommendations regarding the same to the Temporary Employment Industry. The results showed that work promises, work atmosphere promises and management promises were largely perceived to be kept and organisational promises were half kept. Factors of job insecurity related strongly to factors of the psychological contract, particularly job insecurity factors relating to threats to present tenure and optimism of future tenure. The literature study has shown that voluntary status has a moderating effect on job insecurity but the empirical study has shown that this effect was marginal in this case study. Demography was not found to show a significant difference on the employees' psychological contract and only showed a relation to job insecurity on face value. Several recommendations related to the findings were made to Temporary Employment Service Providers.

**OPSOMMING**

Breedvoerige navorsing oor tydelike werknemers se ervaring van hulle sielkundige kontrak en werksonsekerheid het reeds op internasionale vlak die lig gesien. Tot op hede was geen studies in Suid-Afrika gedoen wat fokus op die sielkundige kontrak en werksonsekerheid van tydelike werknemers in diens van 'n Tydelike Werknemer-Diensverskaffers nie. Suid-Afrika het vanaf 1983 'n toename ervaar in organisasies wat Tydelike Werknemer-Diensverskaffers gebruik word. Sedert 1996 het hierdie bedryf noemenswaardig gegroei. Daar is gebruik gemaak van 'n vraelysopname om die demografiese inligting te ontleed asook om die ervaring van die sielkundige kontrak en werksonsekerheid te meet, met die uiteindelige doel om die korrelasies en verskille in ervaring van tydelike werknemers in 'n bepaalde Suid-Afrikaanse mediese versekeringsmaatskappy vas te stel. 'n Dwarsdeursnit-ontwerp is aangewend om die interverwantskap van veranderlikes ten opsigte van die teikenpopulasie ( $N=149$ ) te bepaal. Die sielkundige kontrak-vraelys had ten doel om die ervaring van werkgewers ten opsigte van hulle spesifieke werkgewersverpligtinge te determineer. Verdere doelwitte was daarop gemik om vas te stel hoedanig die sielkundige kontrak verwant is aan werksonsekerheidsvlakke, willekeurige of onwillekeurige werkstatus, en demografie. Die studie wou voorts sinvolle aanbevelings met betrekking tot bogenoemde kwessies aan die Tydelike Diensverskaffer-Industrie voorlê. Die resultaat van die studie dui aan dat werksbeloftes, werksatmosfeerbeloftes en bestuursbeloftes by die betrokke instansie grotendeels nagekom is terwyl organisasiebeloftes slegs ten dele nagekom is. Faktore van werksonsekerheid blyk sterk verwantskap te toon met faktore rakende die sielkundige kontrak, meer spesifiek werksonsekerheidsfaktore wat verband hou met bedreiging van huidige werksduur en optimisme ten opsigte van toekomstige werksduur by die organisasie. Die literatuurstudie toon aan dat vrywillige status 'n veranderende uitwerking op werksonsekerheid het, met die empiriese studie wat uitwys dat hierdie effek nie beduidend is nie. Daar kon geen betekenisvolle verskil vasgestel word tussen demografie en die werknemers se sielkundige kontrak nie terwyl demografiese inwerking op werksonsekerheid slegs nominaal aangetoon kon word. Verskeie tersaaklike voorstelle voortvloeiend uit hierdie studie, is voorgelê aan die Tydelike Diensverskaffer-Industrie.

## INTRODUCTION

The proportion of the workforce on temporary contracts of employment is increasing, as organisations use non-permanent staff as a flexible resource (McDonald & Makin, 2000). Theron, Godfrey, Lewis and Pienaar (2005) have found that it is clear from survey data recovered by them that there have been a proliferation of firms involved in Temporary Employment Service (TES) since 1983 in South Africa and that the industry has grown exponentially since 1996. Organisations use TES (among other reasons) as an employment strategy to respond more effectively to changing market conditions (Tsui, Pearce, Porter & Hite, 1995; Tsui, Pearce, Porter & Tripoli, 1997). From this perspective, the lower cost associated with recruitment, training, fringe benefits, and severance of temporary contracts (Pfeffer & Baron, 1988; Von Hippel, Mangum, Greenberger, Heneman, & Skoglund, 1997), allows employers to respond cost effectively to fluctuating markets by laying off and rehiring employees (Matusik & Hill, 1998). Rousseau and Wade-Benzoni (1995) suggested such temporary staff have a different psychological contract with the organisation than their permanent counterparts. In this paper the experience of job insecurity and how it is related to their psychological contract among young temporary employees ( $N=149$ ) contracted to a prominent health insurance company in South Africa will be examined. From the perspective of the Temporary Employment Service Provider (TESP) and its client, an assessment of the reasons and motivations for people to be affiliated with the temporary labour force and their time span preferences may be important to achieve a better fit between a company's needs and those of the employees (Krausz, 2000). It is also important that individuals' personal preferences related to involuntary or voluntary temporary work will be incorporated in the research design as this may influence their experience of the psychological contract and their job insecurity. Contingent workers are also acknowledged to differ demographically from full-time employees, but the extent to which work attitudes differ is less clear (Conway & Briner, 2002). Attempt will be made to determine how the psychological contract and job insecurity of the temporary employees are related to their demography to understand their work attitudes by use of the psychological contract and demographic data.

The problem statement in this case study can be described as follows: How is the psychological contract and job insecurity experienced by 149 temporary employees contracted by the same TESP to a health insurance company in South Africa?

The objectives of this study is as follows:

- To determine the psychological contract of temporary employees contracted to a health insurance company.

- To determine the degree to which the experience of the psychological contract is related to the job insecurity levels of the contracted temporary employees.
- To determine how the psychological contract and job insecurity of the temporary employees are related to their involuntary or voluntary status.
- To determine how the psychological contract and job insecurity of the temporary employees are related to their demography.
- To make recommendations regarding psychological contracts and job insecurity to the TES industry.

A literature study and an empirical study will be incorporated to achieve the above-mentioned objectives.

## **LITERATURE STUDY**

### **Background of Temporary Employment Services (TESs)**

While some of the management literature has covered how temporary agencies can best recruit both employees and customers, very little has been written about how the employing organisations should manage temporary employees themselves (Feldman, Doeringhaus & Tunley, 1994). TESP's are increasingly prepared to customise their service, offering on-site management (as is the case in this study) should this be requested by a client (Forde, 2001). The expectations and experiences of temporary agency workers themselves deserve particular attention since they have been excluded from the scope of mainstream studies of employment relations (Druker & Stanworth, 2004). As management interest in just-in-time production strategies grows and the public policy debate over the plight of the working poor mounts, managing temporary workers in more economically rational and humane ways is likely to become a permanent human resource management challenge (Feldman, Doeringhaus & Tunley, 1994).

In the South African context, employment practises of many companies included job security for their workforce before the mid-1990s (Frost, 2001). Linde (2005) observes that the newly elected government in the first democratic elections in April 1994 was exposed to high expectations of its voters. Aspects that the government had to focus on included job creation for the almost 30% unemployed (Bendix, 2001). Recently, the focus of companies changed to the ability for rapid change and greater flexibility. This tendency, Schalk and Rousseau (2001) affirm is experienced internationally due to secure employment terms that have become more uncertain and insecure (Burke & Cooper, 2000; Sverke, Hellgren & Näswall, 2002). This has been observed in the literature on psychological contracts as well, where job security and career advancement opportunities have been seen as important aspects of an individual's

mental expectations of the organisation (Anderson & Schalk, 1998; Guest & Conway, 1997; Shore & Tetrick, 1994). Psychological contract theory is today one of the most used explication models for understanding the relationship between job insecurity and negative reactions such as diminished loyalty and performance (De Witte & Näswall, 2003; King, 2000; Roskies & Lewis-Guerin, 1990). As such, the psychological contract seems like a very plausible approach to understanding attitudes and behaviours across different types of employment contracts (Conway & Briner, 2002); and has been found to be of use in the understanding of contingent or temporary workers by Van Dyne and Ang (1999). The psychological contract and the job insecurity of a segment of temporary workers will be focused on more scrupulously later.

Increased competition and the restructuring of companies in the 1980s and 1990s have virtually eliminated this long-standing practice of job security, have made layoffs a fact of life for many employees in many industries, and are requiring employees to compete for work in a labour market consisting of short-term appointment, vast wage dispersion and uncertainty, and fewer benefits (Barber, 1996; Rifkin, 1995; Harrison, 1994; Harrison & Bluestone, 1998). McDonald and Makin (1999) indicate that the metaphor of the psychological contract has recently become very popular in the organisational psychology literature as a way of examining and exploring the expectations that individuals have of their relationship with their employer. These last mentioned writers also state that the relationships, both formal and informal, that people have with their employing organisations are undergoing rapid, and sometimes far-reaching changes. The psychological contract provides a way of examining how such changes are perceived by those most directly affected and gives some indication of the effect such changes may have on their attitudes and behaviour.

Schalk and Rousseau (2001) state that the contemporary employment relationships are also changing as a consequence of breakthroughs in information, a rise in global competition and escalating interdependence between organisation and people. Linde (2004) show that this emergent form of employment relationships has new dimensions and characteristics, as indicated in table 1.

Table 1

*Past and Emergent Forms of Employment Relationships*

Characteristic	Past form	Emergent form
Focus	Security, continuity, loyalty	Exchange, future employability
Format	Structured, predictable, stable	Unstructured, flexible, open to (re)negotiation
Underlying basis	Tradition, fairness, social justice, socio-economic class	Market forces, saleable abilities and skills, added value
Employer's responsibilities	Continuity, job security, training, career prospects	Equity (as perceived), reward for added value
Employee's responsibilities	Loyalty, attendance, satisfactory performance, compliance with authority	Entrepreneurship, innovation, enacting changes to improve performance, excellent performance
Contractual relations	Formalised, mostly via trade union or collective representation	Individual responsibility to barter for their services (internally or externally)
Career management	Organisational responsibility, inspiring careers planned and facilitated through personnel department input	Individual's responsibility, outspiraling careers by personal reskilling and retraining

**SOURCE:** Anderson & Schalk, 1998

Change has made provision for a new industrial phenomenon: Temporary Employment Services industry. Pfeffer and Baron (1988) assert that companies, such as the one in this case study, are rapidly separating their workforce into core and buffer workers, leading to a dualism in management and labour similar to the early industrial era. Bishop et al. (2001) believes reasons for this managerial practice include providing the organization with a flexible workforce, freeing the organization from a number of human resource management tasks, allowing the organization to evaluate workers prior to hiring them on a full-time basis and, in some cases, shielding permanent workers from layoffs. Meadows (as cited by Smithson & Lewis, 2000) affirm that while the increase in flexible working arrangements is often thought to be associated with worker choice, the drive for increased use of non-permanent contracts has come from management. Brewster, Tregaskis, Mayne and Hegewisch (1998) state that most employees with a temporary or fixed term contract would prefer a permanent one. Aforementioned changes call for a new psychological contract for temporary staff. Whereas for organisations the use of TESP's has been lauded as an important component in their striving to achieve operational flexibility, little is known about the

employee's outlook on those arrangements (Krausz, 2000). Atkinson (2002) state that the new contract reflects the need for flexible, highly skilled employees who have little job security but who are marketable externally. This is described best perhaps by Guest (1998, p. 41) as "a rugged independent individual offering knowledge and skills through a series of transactions in the labour market".

This is evident in companies using TESP's as a way in achieving flexibility. From this perspective, the motivations by South African industries for using temporary employees are many, as Jack and Halsey (2003) illustrate:

- "TES has the potential to cater for human resource peaks and valleys in seasonal businesses.
- 'Temping' is apparent across all industry sub-sectors.
- For a short-term contingent need or for longer periods.
- Outsource the human resource aspect and focus on core business.
- TES is growing as more companies realise the potential of flexible staffing.
- Skills shortages are addressed through the Skills Development Act and the Skills Development Levies Act.
- A reputable TES will have an attraction and retention strategy in place to ensure a pool of skilled and tested assignees.
- TES recognises the increasing demand for an attitudinal and behaviour fit alongside the appropriate skills level" (p. 44).

It would also be relevant to indicate the benefit for the South African assignee joining a TESP (Jack & Halsey, 2003):

- "TES creates jobs, [since the] conversion rate of temporary workers to permanent employees are very high.
- 'Temping' is an opportunity to get experience of different industries and to learn new skills.
- It is an entry to the world of work" (p. 44).

Handy (1989) argued that change has become an integral part of life, and that the life cycle will in the near future be characterized by non-linear and often radical changes. Von Hippel et al. (1997) have contended that the growing pressure upon organisations for flexibility will create changes in personal careers portrayed by more and longer periods of temporary employment. Krausz (2000, p. 637) argues that transitions from temporary to non-temporary arrangements and backward may become a way of life for many employees: "For some individuals, such transitions will be imposed by work and non-work constraints, whereas others may willingly undertake those changes". Mirvis and Hall (1994) state that the

career construct is taking a radical change from organisationally based to self-managed careers. Rising numbers of individuals have to manage their own careers, acquiring varied knowledge, skills and abilities through moves and transfers between various positions in different organisations. Krausz (2000) asserts that taking assignments with TESP is an avenue to accumulating varied experiences particularly when the individual chooses this mode of employment.

### **TES in South Africa**

The face of TES in South Africa has changed substantially in its sophistication of offerings to clients since the mid-1990's (Jack & Halsey, 2003). With the emergence of TES and the advent of rapid change to the unique service TES delivers, the psychological contract and job insecurity of temporary employees have not yet been subjected to formal empirical study in South Africa. Even the definition of the concept labour broking or TES is somewhat difficult to define. The 1956 Labour Relations Act (Act 28 of 1956, as amended by Act No 2 of 1983) defined a labour broker as someone who "for reward provides a client with persons to render services or perform work for the client or procures such persons for him, for which service or work such persons is remunerated by the labour broker." Theron et al. (2005) found that, consistent with the 1983 amendments, the TESP is regarded as the employer of those it procures or provides, who are the employees of the TESP (although the drafters did not consider it necessary to refer to them as workers). But the provisions of the 1995 Labour Relations Act (66 of 1996, The new LRA) are subject to a proviso as cited by Theron et al. (2005, p. 2): for "a person who is an independent contractor is not an employee of a temporary employment service, nor is the temporary employment service the employer of that person". It is therefore important to note that the TESP in this study refers to the employer of the employees who participated in the study. The employees render services to a health insurance company and this client company is not the legal employer. Moreover, the workplace where the employees work is not the workplace of the legal employer.

Ngebulana (1997, p.73) asks: "What simpler way of avoiding the onerous duties placed on employers by the Labour Acts of today and tomorrow than to arrange for a labour broker to supply workers on a contract basis?" Ngebulana (1997, p.73) goes on to say that the temptation to do so is considerable:

No need to worry about employee benefits and the hassles that go with staff reductions; personnel administration is simplified; the broker must ensure that it supplies employees capable of rendering adequate service; and – best of all – the employees' unions must

deal with the broker, not its client. In short, the employee must look to the broker to guarantee his or her rights, and must proceed against it, should they be infringed.

However, Olivier (1997) responds that in terms of an innovation introduced by the new LRA, legal recognition has been given to the fact that some sort of peculiar relationship also exists between the client and the employee. On account of this relationship in many instances not only the TESP, but also the client will be liable to comply with certain legislative measures, such as a collective agreement concluded in a bargaining council that regulates terms and conditions of employment as well as a binding arbitration regulating it and the Basic Conditions of Employment Act 75 of 1997. Ngebulana (1997) state that the TESP and client are jointly and severally liable in respect of breaches of those collective agreements and arbitration awards. Ngebulana (1997, p. 74) elaborates by saying that the motive behind this is plain: “both the TES and the client now have an interest in ensuring that the other treats the workers properly”. It is therefore important for TESP and client alike to understand the importance of managing the psychological contract of the temporary employee effectively and curbing the negative effects of job insecurity.

Marais (2005) state that many companies today also use TESP's to provide them with staff for very long periods (as is the case in this study) and/or to actually supply their entire labour forces. One of the reasons for this is to avoid practical and legal hassles in employing their own staff. Marais (2005) affirm that it is much easier to instruct a TESP to replace a non-performer or the troublemaker, than to comply with the procedural and substantive fairness requirements to ensure a fair dismissal. In order to regulate these risky employment relationships, some TESP's normally enter into very complex and detailed employment contracts with their employees. One of the more pertinent employment provisions of this type deals with the TESP not having any obligation to provide its employee with any work, nor remuneration, should an assignment at a company be completed or should the company no longer want such employees anymore (Marais, 2005). Marais (2005, p.6) showed that TESP's must watch the wording on the contract (in addition to that also the execution of their day to day operations!) or face an unfair dismissal case:

The recent arbitration decision of *Smith v Staffing Logistics* [2005] 10 BALR 1078 (MEIBC) [Metal and Engineering Industry Bargaining Council] dealt with this issue and made an award that should labour brokers and temporary employment service (TES)

providers take note. In a nutshell, the arbitrator determined that where an employee is placed on indefinite “standby” after a labour broker’s client decided that the employee’s services were no longer required, that such employee is deemed to have been dismissed, as well as same constituting an unfair dismissal.

This is a common occurrence in the temporary employment scene and is often used as a marketing tool to clients (Marais, 2005). It is therefore noted that temporary employees are sometimes subjected to the whims of the client where their tenure at a specific assignment is concerned. It is only obvious that this would have a definite impact on the employees’ psychological contract with the TESP and his/her level of job insecurity.

Understanding the effects of being employed on a temporary contract is crucial given the vast growth in the number of temporary employees. According to the Confédération Internationale des Entreprises de Travail Temporaire (International Confederation of Temporary Work Business; CIETT) this has significantly increased worldwide over the last 50 years and in many countries, temporary work contributes to the optimum growth of employment and to a properly functioning labour market (CIETT, 2003). Meyers (as cited in Berchem, 2002) predicts that by 2010, less than half of the work performed in United States organisations will be done by full-time employees. The European Commission (1997) estimated that 7.1 percent of the working population of the United Kingdom in employment are not employed on a permanent contract or, in other words, 1.5 million employees in the United Kingdom have no permanent job tenure. In a CIETT (2002) report on the South African TES, it was estimated that the entire temporary workforce in South Africa exceeded 144 150 temporary workers associated with TES. This equates to approximately 1.04% of the entire economically active South African workforce. Theron et al. (2005) have found that it is clear from survey data recovered by them that there has been a proliferation of firms involved in TES since 1983 and that labour broking has grown exponentially since 1996, the year the Labour Relations Act (Act number 66 of 1995) was adopted. They furthermore confirm that this trend has continued until the present day. In the words of Jack & Halsey (2003, p. 40): “Experience indicates that South Africa is following international trends in the increasing requirement of flexibility in the workplace. This contributes to the increasing TES workforce.” Given the increasing numbers of temporary staff, an understanding of the type of psychological contract held by these employees may be of considerable importance for managers (McDonald & Makin, 2000).

Gerber et al. (1999) aver that South Africa's re-entrance to world competitiveness, after decades of isolation, brought new dimensions of employment relations into organisations. This had a definite influence on the development of the TES industry and employment relations of temporary employees. Herriot (1992, p. 8) links career and psychological contracts by defining an organisational career as "the sequence of renegotiations of the psychological contract, which the individual and the organisation conduct during the period of his/her employment". The psychological contract can help in balancing both individual and organisational concerns in careers and can be especially important for TES, which would still require loyalty and commitment from their employees, even though they are unable to provide job security in return (Herriot, 1992).

### **TES employees and the Psychological Contract**

The "psychological contract" refers to the expectations of the employer and employee which operate over and above the formal contract of employment (Argyris, 1960), i.e. the perceptions of the different parties to the employment relationship of what each owes the other, and it incorporates beliefs, values, expectations and aspirations of employer and employee (Rousseau, 1995). This was traditionally seen as an exchange of loyalty for security (Henry & Jenkins, 1997). It has been used in a number of ways to better understand the employment relationship (e.g., by considering its contents and how the psychological contract is negotiated), but the key construct within psychological contract theory in terms of its relationship with outcomes is psychological contract fulfilment/breach (Conway & Briner, 2002). Just as with other types of contract, McDonald and Makin (2000) indicate, the psychological contract often only becomes an important influence on behaviour, when it becomes salient, for example when it is broken or undergoes substantial change. In this context certain authors make a distinction between contract breach and contract violation (Morrison & Robinson, 1997; Robinson, 1996). Hellgren (2003) shows a breach refers the cognitive perception that the organisation has failed to uphold one or more aspects of the psychological contract. A breach of the psychological contract is therefore based on the individual's perceptions of what an organisation has promised and how well the organisation has fulfilled these promises (Robinson & Morrison, 2002). A violation of the psychological contract refers to emotional and affective reactions such as those that can arise when the individual feels that the organisation failed to properly uphold its end of the psychological contract (Morrison & Robertson, 1997). In these circumstances research suggests that the nature of the contract will change; in particular there will be a move away from the relational end of the continuum towards the transactional (McDonald & Makin, 2000).

A relational contract is characterised on the employees' side by perceived obligation to his/her employer of loyalty, personal commitment and trust and on the employer's side by an obligating to provide job security (Rousseau, 1990; Robinson and Rousseau, 1994). Roussouw and Wade-Benzoni (1995) suggest that the more traditional "relational contracts" are being replaced by "transactional contracts" where employees provide for example, long hours and extra work in exchange for high pay, and training and development. It is important to note, however, that psychological contracts are not usually either/or but represent two ends of a continuum (Rousseau, 1990).

Hudson, Reed and Wilkinson (1998, p. 12) describe a current version of the psychological contract as: "In return for their loyalty, hard work and commitment, the employee expects to be 'looked after' through the course of their employment". Albeit a generalisation this may be found to be the case with many contract staff of TESP's in South Africa and elsewhere.

Roussouw (1989, 1990, 1995) and Wade-Benzoni (1995) have suggested that non-permanent employees' obligations can be characterised by the saliency of transactional obligations and absence of relational obligations. Indeed this is observed in the emergent form of flexible and limited duration employment agreements (Roussouw, 1995). Robinson and Rousseau (1994) found that those with a predominantly transactional contract would only put in what they feel they will get out.

Dhammanungune (1990, p.115) as cited by Stanz, Slabbert and Scheepers (1999) also brings in a component of factors from the societal environment and the element of time to the psychological contract: "An employee links to an organisation by a set of the mutual expectations which is influenced by a set of factors in the societal environment: this phenomenon changes through a continuum of time". Stanz et al. (1999, p. 44) furthermore, state that "in any given time of appointment, the individual and organisation try to match their mutual expectations, this is done through contractual negotiations that includes implicit and explicit agreements".

Robinson and Rousseau (1994) argue that the psychological contract involves "promissory and reciprocal obligations" that is not included in the formal contract of employment. Promises of future behaviour by the organisation are contingent upon some action by the individual. Levinson, Price, Munden, Mandl and Solley (1962) see this psychological contract as an exchange relationship between employer and employee in which each party has expectations about mutual obligations. McDonald and Makin (2000) state that although the organisation is perceived as making these promises or reciprocal obligations, the individual, not the organisation, defines them.

The definitions that enjoy current prominence tend to emphasise the importance of the subjective understanding and experience of the employee (McLean Parks, Kidder & Gallagher, 1998). The individual interprets the various actions of the organisation and infers their psychological contract with the organisation on the basis of these actions. Employees enter into an employment relationship with an understanding that their employer has certain obligations to them, and they to their employer, thus creating an atmosphere of reciprocity. Pugh, Scarlicki and Passell (2003) suggest that this can include beliefs about role responsibilities, job insecurity and an employer's integrity. McDonald and Makin (2000) point out that there are inevitable similarities in people's perceptions, often determined by the common work situation that they share. This study aims to point out those unique similarities in perceptions of temporary employees contracted to the same company and prominence is given to the individuals' interpretation of employer obligations.

Hiltrop (1995) asserts that as job security diminished in the early part of the 1990s so it was argued that the traditional psychological contract premised on the notion of a 'career', had been sacrificed in favour of 'self-reliance' and 'adaptability'. A short-term commitment contract is one in which workers may be highly motivated and committed to short term projects but not to employers (Smithson & Lewis, 2000). Smithson and Lewis (2000) state that while this can benefit employers in some ways, some of the strategies the young people adopt to cope with their individualised careers can be counterproductive for the employing organisations. A balanced lives contract is one in which young people accept lack of long term security and less than optimum conditions in exchange for flexibility and reasonable hours, in order to achieve work-life balance (Smithson & Lewis, 2000).

### **TES employees and Job Insecurity**

In the research literature, job *security* is defined in different ways. Van Vuuren (1990) mentions definitions of this concept, delimiting it as: a motivating factor, a reward, an attitude, a need, a promise, and as part of the organisational context. Klein Hesselink and Van Vuuren (1999) treats job *insecurity* as a perceived aspect of the organisational environment. Klandermans, Van Vuuren and Jacobson (as cited by Klein Hesselink & Van Vuuren, 1999), state that two dimensions give rise to job insecurity: the perceived probability and the perceived severity of losing one's job. Jacobson and Hartley (1991) argue that, for temporary workers, job continuity in the same organisation is not an integral part of their set of expectations. Unlike permanent workers, who are more likely to expect that their position in the organisation is safe, they tend to see moving from one organisation to another as part of the picture. They go on to say that because the discrepancy between the levels of expected job security and the perceived

job security are less dramatic for temporary workers, they react less strongly to job security than permanent workers. This employment contract has typically been characterised as providing minimal job security, continuity and predictability (Applebaum, 1987; Beard & Edwards, 1995; Feldman et al., 1994; Mangum, Mayall & Nelson, 1985).

Atkinson (2002) notes that against a background of shifting psychological contracts and the acknowledged implications for careers, much empirical work has been carried out into the impacts on employee attitudes and motivation. Brown (1995) indicates that the new contract has resembled an ultimatum, where the organisation exchanges the privilege of having a job for employee compliance and commitment. Job security, however, remained the most important aspect of employee desires (Martin, Staines & Pate, 1998). Atkinson (2001, p. 22) agrees, saying that little adjustment seems to have been made to the concept of the removal of job security: “though the job for life may no longer exist, most seem to hanker after it and, despite negative perceptions of the organisation, do not appear to be considering the external [temporary] labour market.”

Ferrie (2001) stated that job insecurity could be experienced at a personal level (subjective) or attributed externally (objective). Hellgren developed the following integrated model to indicate job insecurity, focussing on the influence of subjective characteristics and objective situations (as cited by Linde, 2005):

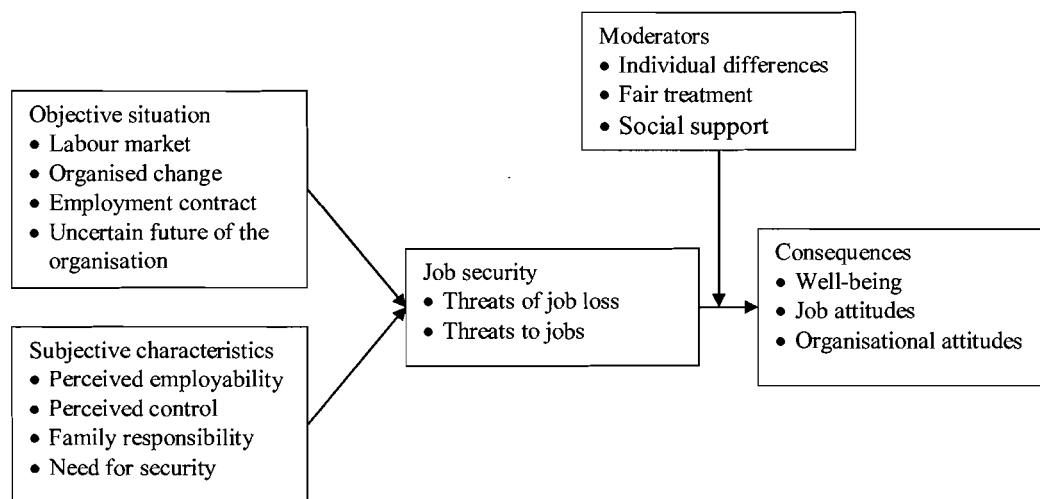


Figure 1. Integrated model of job insecurity (Hellgren, 2003, p. 24)

Three broad factors of job insecurity have been identified from the respondents in the present study using the Job Insecurity Questionnaire developed by De Witte (1999) and will enjoy prominence, they are: *Optimism for Future Tenure*, *Concern for Future Tenure* and *Fearful of Threats to Present Tenure*.

Optimism for Future Tenure include the following items:

- 1) I think I will be able to continue working here;
- 2) There is only a small chance that I will become unemployed;
- 3) I am certain/sure of my job environment;
- 4) I am very sure that I will be able to keep my job.

These items seem to fit into the *Objective situation* of Hellgren's model. The individual does not have much control over the objective situation; seeing that factors such as the labour market, organised change, the employment contract and the uncertain future of the organisation (client organisation, TESP and their mutual relationship) play a major role.

Concern for Present Tenure include the following items:

- 5) It makes me anxious that I might become unemployed;
- 6) I feel uncertain about the future of my job;
- 7) I worry about the continuation of my career.

These items seem to fit into the *Subjective characteristics* of Hellgren's model. These items seem to be akin to the individuals' perceived employability, perceived control, family responsibility and need for security.

Fearful of Threats to Present Tenure include the following items:

- 8) I fear that I might lose my job;
- 9) I fear that I might get fired;
- 10) There is a possibility that I might lose my job in the near future;
- 11) I think that I might be dismissed in the near future.

These items seem to directly connect with *Job security* of Hellgren's model. The individual's threats of job loss and his/her threats to job (being fired or dismissed) are tested.

## **TES employees, Job Insecurity and Voluntary Status**

Perceived control, as a subjective characteristic would have an influence on job security. An important element on the exchange relationship for contingent employment is that, in return for the narrow and well specified contribution, the inducements offered by the employer tend to be short term and purely economic (Tsui et al., 1997). The short-term nature of the relationship clearly has negative consequences for the employee's job security (Parker et al., 2002). Greenhalgh and Rosenblatt (1984, p. 438) claim that job security refers to an employee's sense of power that they can "maintain desired continuity in a threatened job situation". The perceived threat can be to the total job or to desired features of the job, such as opportunities for promotion or the type of responsibilities (Parker et al., 2002). Temporary contract employees face the threat of future job loss; yet typically lack the power to do anything about this potential threat (Beard & Edwards, 1995).

Research developments in this respect have been to consider the moderating effect on outcomes of employee choice over employment status (Parker, Griffin, Sprigg & Wall., 2002). Many researchers have suggested that temporary contract employees will have lower job security, especially if they are employed on this basis involuntarily (e.g., Feldman et al., 1994; Feldman, Doeringhaus & Turnley, 1995; Lee & Johnson, 1991; Krausz, 2000). Another study support the view that temporary contracts negatively affect employee outcomes such as mental health (e.g., Burchell, 1994), whereas other studies show that temporary contract status can be associated with lower job strain (e.g., Lee & Johnson, 1991; Russel-Gardner & Jackson, 1995). A lack of job security has been linked to greater job strain particularly amongst men (De Witte, 1999). Parker et al. (2002) state that the different conclusions drawn from research in the area highlight the need for additional work to determine the reasons for the inconsistency in findings. The main research development in this respect has been to consider the moderating effect on outcomes of employee choice over employment status. For example, studies have shown that employees who are voluntarily temporary workers have higher job satisfaction than those who are involuntary (Feldman et al., 1995; Lee & Johnson, 1991), and another found that individuals who become temporary workers out of necessity have significantly poorer attitudes towards their work than those who voluntarily assume these jobs (Feldman et al., 1994).

Krausz (2000) indicates that whereas many persons join TESP's due to failure to find permanent internal positions and others are restricted by their inability to make long-term commitments, there are individuals for whom the temporary contract may be most suitable and desired. Voluntary status is important within labour markets such as Singapore, where many employees enter temporary work by their own choice

(Van Dyne & Ang, 1998). However, Parker et al. (2002) found, this issue is less pertinent in situations (such as the current case study) where employees have largely been forced into temporary employment because practices such as downsizing and secure employment terms that have become more uncertain and insecure in South Africa and internationally (Burke & Cooper, 2000; Sverke, Hellgren & Näswall, 2002). This is indicative of the changing nature of the psychological contract between temporary workers and their employers. According to Feldman et al. (2001), ten years ago most temporary workers in the United States were individuals who worked temporary jobs by choice – for example, married women with children who wanted to earn some additional income, keep their skills current, or make social contacts outside of the home. Feldman et al. (2001) say that presently the temporary workforce is dominated by individuals who would rather not work on temporary assignments – for example, university graduates who can't find permanent jobs, unemployed workers (and their spouses) trying to make ends meet, and laid off workers who are waiting for positions more consistent with their education and previous work experience to open up.

Krausz (2000) avers that the ability to choose a behavioural alternative is an important determinant of perceived control over situations and environments. Deci and Ryan (1987) concur by saying that when people function in environments that promote choice and behavioural flexibility, they experience more intrinsic motivation, greater interest, and less pressure and tension. Mikulincer (1987) proposed that freedom to choose creates apperception, or rather an illusion of being in control. Bem (1972) contended that individuals are more committed to behaviour alternatives when they have participated in its choice and if they were not coerced to make that choice. Choice also enhances perceived control by allowing the individual more freedom to withdraw from a situation or environment once it becomes unpleasant or intolerable (Miller, 1979). Krausz (2000) indicates that all the evidence can elicit the hypothesis that individuals who indicate a preference for temporary work arrangements are more involved in work and more satisfied with their employment in general and with specific work facets. One of these hypothesized facets may also be job security. The implication of the findings for this case study is that individuals' personal preferences related to involuntary or voluntary temporary work will be incorporated in the research design as this may influence their experience of the psychological contract and their job insecurity.

### **The demography of TES employees**

Contingent workers are also acknowledged to differ demographically from full-time employees, but the extent to which work attitudes differ is less clear (Conway & Briner, 2002). Smithson and Lewis (2000)

state that the rise in perceived job insecurity in the United Kingdom is age related. The strongest feeling of job insecurity are held by the youngest, and the oldest, members of the workforce (Burchell et al., 1997;1999). In Smithson and Lewis (2000) study it was found that job insecurity emerged as a strong theme among the study population who ranged from 18-30 years old. In this case study the average age of all respondents are 27 years and is therefore also a relatively young group that may also harbour a strong feeling of job insecurity. A lack of job security has been linked to greater job strain particularly amongst men (De Witte, 1999), and men in this study may also show a more negative psychological contract with a higher level of job insecurity. The assumptions feeding into the psychological contracts perceived by the young adults in their study appear to reflect the changing realities of the labour market and the employment relationship (Smithson and Lewis, 2000). The respondents in their study made a distinction between short term insecurity, which is generally viewed as “acceptable”, and long term insecurity, which is seen as problematic, especially when combined with taking on other adult roles such as house buying, or for managing their own careers, but concern about longer term job insecurity together with the decline in trust of employers increases the complexity, risk and uncertainty of the transition to adulthood (Furlong and Cartmel, 1997). This may well be the case in this study where the average tenure of the respondents is close to two years.

## **RESEARCH METHOD**

### **Research design**

A survey was utilised to obtain the research objectives. The entire population of temporary employees of one South African Temporary Employment Service Provider contracted to a health insurance company were contacted to participate in this research. The specific design was a cross-sectional design, whereby a sample was drawn from a population at one time (Shaughnessy & Zechmeister, 1997). Information collected was used to describe the population at that time. The design can be used also to assess interrelationships among variables within the population. According to Shaughnessy and Zechmeister (1997) this design is ideal to address the descriptive and predictive functions associated with correlation research.

### **Study population**

The measuring instruments of this research were applied to all temporary employees contracted to a health insurance company, comprising of 13 departments. Distribution and collection of the instruments

was done in co-operation with the management of the TESP and the client company. The total population (N) was 149. Descriptive information is given in Table 2.

Table 2  
*Characteristics of Participants*

Item	Category	Frequency	Percent
1. Gender	Male	58	38.9%
	Female	91	61.1%
2. Marital status	Single / Widow / Widower	85	57%
	Engaged / in a relationship	28	18.8%
	Married	29	19.5%
	Divorced	5	3.4%
	Separated	0	0%
	Remarried	0	0%
3. Home language	English	28	18.8%
	<i>Afrikaans</i>	25	16.8%
	SePedi	17	11.4%
	SeSotho	19	12.8%
	SeTswana	20	13.4%
	SiSwati	1	.7%
	TshiVenda	6	4%
	IsiZulu	18	12.1%
	IsiNdebele	4	2.7%
	IsiXhosa	10	6.7%
	XiTsonga	1	.7%
4. Age	Other	0	0%
	18 – 24	57	38.3%
	25 – 30	50	33.8%
	31 – 36	21	14.1%
	37 – 42	9	6%
	43 – 48	4	2.7%
	49 – 54	1	.7%
5. Education	Grade 12	131	87.9%
	3 year degree	0	0%
	<i>4 year degree or honours</i>	15	15%
	5 – 7 year degree	0	0%
	Masters degree	2	1.3%
	Doctoral degree	0	0%
6. Assignment Duration Contract	Yes	92	61.7%
	No	57	38.3%
7. Voluntary status	Voluntary	16	10.7%
	Involuntary	133	89.3%
8. Tenure	1 – 12 (1 years)	83	55.8%
	13 – 24 (2 years)	10	6.7%
	25 – 36 (3 years)	10	6.7%
	37 – 48 (4 years)	15	10.1%
	49 – 60 (5 years)	13	8.8%
	61 – 72 (6 years)	9	6.1%
	73 – 84 (7 years)	3	2%
	85 – 96 (8 years)	2	1.3%

### Measuring battery

The ‘Tilburgse Psychologisch Contract Vragenlijst’ (Schalk, Heinen & Freese, 2001) and the Job Insecurity Questionnaire (De Witte, 2000) was used to reach the objectives set for this study. Only the Employer Obligations section and not the Employee Obligations section of the ‘Tilburgse Psychologisch Contract Vragenlijst’ was be used for this study. Reason for this is the focus on client and TESP

management approach to the research question. Also, time considerations in administering the questionnaires on client time were taken in account.

**‘Tilburgse Psychologisch Contract Vragenlijst’ (TPC).** The TPC contains questions regarding specific employer (43 items) and employee (21 items) obligations, violations of specific employer obligations (43 items), features of the relationship with the organisation (transactional-relational) (6 items), affective commitment (7 items), and intention to leave the organisation (8 items) (Schalk, Heinen & Freese, 2001). Previous studies using this questionnaire provide support for the validity and reliability of the scales used (see Freese & Schalk, 1996; Schalk, Cambell & Freese, 1998; Schalk & Freese, 2000; Schalk, Heinen & Freese, 2001).

**Job Insecurity Questionnaire (De Witte, 1999).** The job insecurity questionnaire was developed by De Witte (2000). The questionnaire includes 11 items relating to job insecurity, including both the possibility of becoming unemployed (cognitive assessment) and the emotional experience of the possible threatening situation (emotional reaction towards it). Previous studies using this questionnaire provide support for the validity and reliability of the scales used (De Witte, 2000; Heymans, 2002; Janse van Rensburg, 2002).

## **Data Analysis**

The data analysis was carried out with the help of the SPSS-program (SAS Institute, 2000). The SPSS-program was used to carry out statistical analysis regarding reliability, validity, construct equivalence and predictive bias of the measuring instruments, descriptive statistics, t-tests, analysis of variance, correlation coefficients, canonical analysis and moderated multiple regression analysis. The Amos-program was used to carry out structural equation modelling.

The data-analyses will proceed as follows:

- Principal factor extraction with varimax rotation will be performed through SPSS FACTOR on the measuring instruments, which have no confirmed factor structure. Principal component extraction will be used prior to principal factor extraction to estimate the number of factors, presence of outliers and factorability of the correlation matrices. The eigenvalues and screen plot will be studied to determine the number of factors underlying a specific measuring instrument. The oblique method with a promax rotation will be requested prior to the varimax rotation, to determine whether obtained factors are

significantly related ( $r > 0.35$ ). If the obtained factors are significantly related, analyses will proceed with the oblique method and a promax rotation.

- A SPSS procedure to conduct targeted rotations (Procustes rotations) (as described by McCrae, Zonderman, Costa, Bond & Paunonen, 1996) will be used to determine the construct equivalence of the measuring instruments for different language groups. According to Van de Vijver and Leung (1997), it is not acceptable to conduct factor analyses for different cultural groups to address the similarity of factor-analytic solutions because the spatial orientation of factors in factor analysis is arbitrary. Rather, prior to an evaluation of the agreement of factors in different cultural groups, the matrices of loadings should be rotated with regard to each other. The factor loadings of separate groups are rotated to a joint common matrix of factor loadings. The procedure consists of the following steps: Firstly the target structure is specified. Secondly the hypothesised number of factors is extracted and varimax rotation is used to obtain exploratory factor loadings in the new sample. Thirdly a targeted rotation is performed to examine the extent to which differences between the target and varimax matrix are due solely to the rotation of the axes. Fourthly congruencies are calculated using Tucker's coefficient of agreement (Tucker's  $\phi$ ). This coefficient is insensitive to multiplications of the factor loadings, but is sensitive to a constant added to all loadings of a factor. This index does not have a known sampling distribution; hence it is impossible to establish confidence intervals. Values higher than 0.95 are seen as evidence for factorial similarity, whereas values lower as 0.85 are taken to point to non-negligible incongruities (Van de Vijver & Leung, 1997).
- An extension of Cleary and Hilton's (1968) use of analysis of variance will be applied to identify item bias in measuring instruments (Van de Vijver & Leung, 1997). Bias will be examined for each item separately. The item score will be regarded as the dependent variable, while language groups and score levels will be regarded as the independent variables. A total of ten score levels will be obtained by making use of percentiles identified through SAS UNIVARIATE. This will make it possible to use score groups with at least 50 persons each. Two effects will be tested through analysis of variance, namely the main effect of culture (language) and the interaction of score level and culture. When both the main effect of culture and the interaction of score level and culture are non-significant, the item will be taken to be unbiased.
- Cronbach alpha coefficients and inter-item correlation coefficients will be used to assess the reliability and validity of the measuring instruments (Clark & Watson, 1995).

Descriptive statistics (e.g. means, standard deviations, range, skewness and kurtosis) and inferential statistics was used to analyse the data. Pearson and Spearman correlation coefficients were computed to determine the relationships between variables. Canonical analyses were conducted to determine the relationships between sets of variables. A cut-off point of  $p = 0.05$  was be set for the statistical significance of the results. Effect sizes (Cohen, 1988) was used to decide on the practical significance of the findings. A cut-off point of 0.30 (medium effect, Cohen, 1988) was be set for the practical significance of correlation coefficients. T-tests, ANOVA and MANOVA was be used to determine the differences between groups. Moderated hierarchical regression analyses was conducted to study the interaction effects between variables.

## **Results**

Table 3 distinguishes between the experience of promises made and promises not made, in regards to employer obligations. The experience of promises made, or not, by the respondents of the study, are identified in this table. The response is indicated in percentages, where the total percentage of promises made was 5.3% and promises not made was 94.7%. Possible causes and effects for these percentages will be examined as part of the discussions and recommendations.

Table 3

*Perceived Promises: Employer Obligations*

<b>Item</b>	<b>Promise</b>	<b>Promise not made</b>	<b>Promise made</b>
1.	Varied work	4	96
2.	Work without disturbance	3.4	96.6
3.	Work in own fashion	13.4	86.6
4.	Quality products	10.7	89.3
5.	Responsibility	0.7	99.3
6.	Customers/clients satisfaction	2	98
7.	Reasonable work pressure	2	98
8.	Reach true potential	1.3	98.7
9.	Supervise other people	22.8	77.2
10.	Stimulating work	1.3	98.7
11.	Take initiative	2	98
12.	Suitable work	4	96
13.	Achieve progress	1.3	98.7
14.	Promotion possibilities	12.1	87.9
15.	Skills development	1.3	98.7
16.	Job mobility	4	96
17.	Training opportunities	3.4	96.6
18.	Pleasant office relationships	2.7	97.3
19.	Good working atmosphere	2.7	97.3
20.	Work together well	1.3	98.7
21.	Network	3.4	96.6
22.	Colleague support	0.7	99.3
23.	Appreciation	14.1	85.9
24.	Own opinion	1.3	98.7
25.	Departmental influence	2.7	97.3
26.	Flexibility	12.1	87.9
27.	Feedback	0.7	99.3
28.	Righteous management	1.3	98.7
29.	Trust in the management	2	98
30.	Procedural righteousness	0.7	99.3
31.	Disciplinary flexibility	2	98
32.	Open communications	1.3	98.7
33.	Information	2	98
34.	Efficient organization	0.7	99.3
35.	Good physical working conditions	2.0	98
36.	Good HRM-practices	3.4	96.6
37.	Work-life balance	5.4	94.6
38.	Working time arrangements	0.7	99.3
39.	Good salary	8.1	91.9
40.	Reimbursement of costs	20.1	79.9
41.	Job security	20.1	79.9
42.	Additional rewards	8.7	91.3
43.	Additional allowances	18.1	81.9
	<b>Average</b>	<b>5.3</b>	<b>94.7</b>

The results of the factor analysis of the employer obligations are shown in Table 4. Loading of variables on factors, communalities and percent of variance and covariance are shown. A factor analysis was used to determine the patterns of change in values of various variants.

Table 4

*Factor Loadings, Communalities (h<sup>2</sup>), Percentage Variance and Covariance for Principal Factors Extraction and Varimax Rotation on Employee Obligation Items*

No.	Item	F <sub>1</sub>	F <sub>2</sub>	F <sub>3</sub>	F <sub>4</sub>	h <sup>2</sup>
1.	To have work that is varied	.537				.570
2.	To be able to work without being disturbed too much	.466				.474
3.	To be able to do my work in my own fashion					.309
4.	To be able to produce quality goods and/or services	.601				.578
5.	To have some responsibility within my field of work	.681				.635
6.	To be able to meet the wishes of customers/clients	.574				.571
7.	Reasonable work pressure	.518				.402
8.	To be able to show my true potential	.704				.588
9.	To supervise other people	.609				.461
10.	To do work that stimulates my mind	.615				.558
11.	To be allowed to take initiative	.711				.712
12.	To do work that suits my knowledge and skills	.716				.709
13.	Achieve progress in my field of work	.611				.623
14.	To get promoted from time to time	.491				.471
15.	To acquire more knowledge and skills	.655				.592
16.	To be able to change jobs within the organization	.524				.492
17.	To be trained	.487				.446
18.	To have colleagues whom I like, and who like me				.656	.538
19.	A good working atmosphere				.560	.608
20.	Possibilities to work together in a pleasant way				.646	.784
21.	To be able to get to know more people through my work				.646	.591
22.	To receive support and help from colleagues when necessary				.673	.610
23.	Appreciation for my work		.517			.688
24.	To be able to give your own opinion		.567			.679
25.	To have influence on how things go within your department					.578
26.	That I am allowed to deviate from the rules when necessary			.553		.534
27.	To get feedback on the tasks that I have completed		.624			.623
28.	Righteous manager or supervisor		.527			.530
29.	To be able to have trust in the management		.695			.696
30.	Clearness and righteousness of measures and procedures		.580			.638
31.	That the organization acts flexible in the application of rules and regulations		.676			.668
32.	That communications channels are open, clear, and direct		.753			.787
33.	That people receive information needed		.671			.737
34.	This organization is efficient		.562			.664
35.	Good physical working conditions (for example light, temperature, hygiene, noise, smell, comfort, aides)				.559	.488
36.	Good HRM-practices (appraisal interviews; career guidance; special opportunities for specific categories of employees, like women, foreign workers, older employees, people with disabilities, pregnant women, parents)		.606			.540
37.	Flexibility of the organization in matching demands of		.466			.503

	non-work roles with work, commitment of the organization with your personal circumstances		
38.	Good working time arrangements and taking days off from work is usually no problem	.451	.511
39.	A good salary		.617
40.	Reimbursement of costs for training, education, childcare and travel		.686
41.	Job security		.752
42.	(Financial) additional rewards for performance or special occasions, bonuses and advantages		.503
43.	Good additional allowances		.807
	<b>Squared Multiple Correlations (SMC)</b>		
	<b>Proportion Variance</b>		
	<b>Proportion co-variance</b>		

F1: Work Promises Kept, F2: Management Promises Kept, F3: Organisational Promises Kept, F4: Work Atmosphere Promises Kept

Four internally consistent factors were extracted from the factor analysis. A cut-off of 0.45 was used for the inclusion of a variable and the resultant interpretation of a factor. Only two factors did not load above 0.45 and was replaced with blanks in Table 4. They will be discussed individually. The first factor was dubbed *Work Promises Kept*. Items that loaded on this factor related to promises made to the employee consisting of independence, responsibility, variance in work, work pressure, enjoyment of work, development and training. The second factor was named *Management Promises Kept*. It entails items such as appreciation, having the opportunity to give opinion, to get feedback, righteous managers or supervisors, trust in management, policies and procedures, organisational communication, receiving needed information, good Human Resource Management practices, flexibility in regards to work roles, working time arrangements, and organisational efficiency. The third factor was termed *Organisational Promises Kept* and loaded items such as being allowed to deviate from rules when necessary, good salary, added benefits, job security, rewards and additional allowances. The fourth factor was labelled *Work Atmosphere Promises Kept*. Items that loaded on this factor were linked to colleague affiliation, good working atmosphere, to be able to work together in a pleasant way, to know the people one works with, to receive support and help from colleagues and good physical working conditions.

In the following Table 5, the descriptive statistics of the above mentioned factors are shown.

Table 5

*Descriptive Statistics, Alpha Coefficients and Inter-Item Correlations of the Employer Obligations Factors*

Factor	Mean	SD	Skewness	Kurtosis	$\alpha$
<i>Employer Obligations</i>					
Work Promises Kept	49.31 (62%)	15.68	-.19	-1.10	0.93
Management Promises Kept	43.31 (67%)	14.14	-.21	-0.67	0.94
Organisational Promises Kept	15.40 (51%)	6.01	.77	-.17	.85
Work Atmosphere Promises Kept	22.43 (75%)	6.21	-.61	-.40	0.86

The results of the factor analysis of Job Insecurity are shown in Table 6. Loading of variables on factors, communalities and percent of variance and covariance are shown. A factor analysis was used to determine the patterns of change in values of various variants.

Table 6

*Factor Loadings, Communalities ( $h^2$ ), Percentage Variance and Covariance for Principal Factors Extraction and Varimax Rotation on Job Insecurity Items*

No.	Item	F <sub>1</sub>	F <sub>2</sub>	F <sub>3</sub>	$h^2$
1	I think that I will be able continue working here.		.841		.715
2	There is only a small chance that I will become unemployed.		.559		.359
3	I am certain/sure of my job environment.		.786		.665
4	I am very sure that I will be able to keep my job.		.825		.792
5	It makes me anxious that I might become unemployed.			.791	.677
6	I feel uncertain about the future of my job.			.820	.731
7	I worry about the continuation of my career.			.705	.587
8	I fear that I might lose my job.	.786			.821
9	I fear that I might get fired.	.915			.861
10	There is a possibility that I might lose my job in the near future.	.839			.829
11	I think that I might be dismissed in the near future.	.845			.790
<i>Squared Multiple Correlations (SMC)</i>					
<i>Proportion Variance</i>					
<i>Proportion co-variance</i>					

F1: Fearful to Threats to Present Tenure, F2: Optimism of Future Tenure, F3: Concern for Future Tenure

Three internally consistent factors were extracted from the factor analysis. A cut-off of 0.45 was used for the inclusion of a variable and the resultant interpretation of a factor. All factors loaded well above 0.45. The first factor was called *Fearful of Threats to Present Tenure*. Items that loaded on this factor were linked to fear and possibility that individual might lose his/her job or get dismissed presently or in the near future. The second factor was labelled *Optimism of Future Tenure*. Items that loaded on this factor related to continued tenure in current job, likelihood of becoming unemployed, assuredness of job environment and possibility of being able to keep job. The third factor was named *Concern for Future Tenure*. It entails items such as feeling anxious that individual might become unemployed, certainty about the future of individual's job and concerns for the continuation of individual's career.

In Table 7, the descriptive statistics of the above mentioned factors are identified.

Table 7

*Descriptive Statistics, Alpha Coefficients and Inter-Item Correlations of Job Insecurity Factors*

Factor	Mean	SD	Skewness	Kurtosis	$\alpha$
<i>Employer Obligations</i>					
Fearful of Threats to Present Tenure	13.11 (66%)	5.05	-.138	-1.01	.924
Optimism of Future Tenure	13.27 (66%)	3.87	-.371	-.129	.763
Concern for Future Tenure	10.17 (68%)	3.22	-.503	-.237	.758

In Table 8 the correlation coefficients between the factors of the psychological contract and those of job insecurity are reported.

Table 8

*Correlation Coefficients between the psychological contract and job insecurity*

	Work Promises Kept	Management Promises Kept	Org. Promises Kept	Work Atmosphere Promises Kept	Fearful of Threats to Present Tenure	Optimism of Future Tenure	Concern for Future Tenure
Work Promises Kept	1						
Pearson Correlation		.789**	.646**	.684**	-.208*	.496**	-.095
Sig. (2-tailed)		.000	.000	.000	.011	.000	.247
Management Promises Kept		1					
Pearson Correlation	.789**		.712**	.782**	-.246**	.498**	-.133
Sig. (2-tailed)	.000		.000	.000	.002	.000	.105
Organisational Promises Kept			1				
Pearson Correlation	.646**	.712**		.525**	-.315**	.517**	-.206*
Sig. (2-tailed)	.000	.000		.000	.000	.000	.012
Work Atmosphere Promises Kept				1			
Pearson Correlation	.684**	.782**	.525**		-.158	.445**	-.092
Sig. (2-tailed)	.000	.000	.000		.054	.000	.266
Fearful of Threats to Present Tenure					1		
Pearson Correlation	-.208*	-.246**	-.315**	-.158		-.299**	.560**
Sig. (2-tailed)	.011	.002	.000	.054		.000	.000
Optimism of Future Tenure						1	
Pearson Correlation	.496**	.498**	.517**	.445**	-.299**		-.217**
Sig. (2-tailed)	.000	.000	.000	.000	.000		.008
Concern for Future Tenure							1
Pearson Correlation	-.095	-.133	-.206*	-.092	.560**	-.217**	
Sig. (2-tailed)	.247	.105	.012	.266	.000	.008	

\*\* Correlation is significant at the 0.01 level (2-tailed) and therefore demonstrates a strong correlation.

\* Correlation is significant at the 0.05 level (2-tailed) and therefore demonstrates a medium correlation.

In Table 9 the frequency, percentage, valid percentage and cumulative percentage of the following biographical question asked is indicated: Have you chosen the temporary contract voluntarily or have you applied involuntarily, that is, are you a temporary employee out of choice or are you involuntarily a temporary employee and would rather have preferred a permanent position? The options were Yes or No.

Table 9

*Frequency, Percentage, Valid Percentage and Cumulative Percentage of Voluntary Status Question*

Options	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	16	10.7	10.7	10.7
No	133	89.3	89.3	100
Total	149	100	100	

The results of only the significant differences in the experience of job insecurity and the psychological contract of various posed questions asked in the biographical questionnaire are shown in Table 10. A MANOVA analysis using Multivariate Tests was conducted to determine the statistical differences of the various variables. The posed questions asked in the biographical questionnaire was analysed for statistical significance using Wilk's Lambda statistics. Statistically significant differences will indicate  $p$  levels below 0.05. Four of the questions asked have elicited statistically significant results, Voluntary status (.045) showing the least meaningful difference of the four. The questions are: 1) Please indicate whether you are currently on an Assignment Duration Contract with the TESP at the client company (.019), 2) Have you chosen the temporary contract voluntarily or have you applied involuntarily, that is, are you a temporary employee out of choice or are you involuntarily a temporary employee and would rather have preferred a permanent position? (.045) 3) To what degree do you agree with the statement: "I consider quitting my job?" (.000) The options include a five point likert scale ranging from 'Strongly disagree' to 'Strongly agree'. 4) How frequent do you consider quitting your job? (.000) The options include a five point likert scale ranging from 'Everyday' to 'Never'.

Table 10

*MANOVA – Differences in Experience of Job Insecurity and the Psychological Contract of Various Posed Questions in the Biographical Questionnaire*

Variable	Value	$F$	$Df$	Den DF	$p$
Assignment Duration Contract	0.89	2.50	7	141	.019*
Voluntary Status	0.90	2.12	7	141	.045*
Degree to Considering to Quit Job	.548	3.00	28	462	.000*
Frequency to Considering to Quit Job	.505	3.51	28	470	.000*

\* Statistically significant difference:  $p < 0,05$

To see whether there is a significant difference between the biographical information and factors, a Tests of Between-Subjects Effects are used. To determine if it's significant, the significance level as stated above ( $p < 0,05$ ) are divided by the amount of dependent variables. The seven factors or dependent variables divided by 0.05 equals 0.007. Therefore:  $p < 0,007$ . The biographical questions and factors that contain statistic differences are indicated in Table 11 – 13.

The mean percentage indicating the differences between the factors and biographical questions posed are also illustrated in Table 11 – 13. . While Voluntary Status has shown a significant statistical difference

(.045) using the Multivariate Tests, no statistical differences were observable using the Tests of Between-Subjects Effect on this question and the mean percentages was not calculated.

Table 11

*Significance levels, Differences in Experience of Management Promises Kept and Work Atmosphere Promises Kept and the Assignment Duration Contract question of the Biographical Questionnaire*

Factor	<i>p</i>	Assignment Duration Contract	Mean
Management Promises Kept	.000*	Yes	46.611 (72%)
		No	37.976 (58%)
Work Atmosphere Promises Kept	.004*	Yes	23.567 (79%)
		No	20.600 (69%)

\* Statistically significant difference:  $p < 0,007$

## Discussion and recommendations

A literature study indicated that psychological contract theory is an ideal explication model for understanding the job insecurity of temporary employees and can help in balancing both individual and organisational concerns in careers. In addition, it has showed that psychological contract theory can be especially important for TESP's, which would still require loyalty and commitment from their employees, even though they are unable to provide job security in return. To answer how temporary employees contracted to a prominent health insurance company in South Africa perceive the psychological contract and job insecurity, the literature study showed that they view temporary work as an entry to the world of work, an opportunity to gain experience and skills and as a resort when failing to find permanent work. Temporary employees are in some instances subjected to the client's bias on who stays and who goes and this has an impact on both their psychological contract and job insecurity. The psychological contract of temporary employees has typically been characterized as providing minimal job security, continuity and predictability and job security still remain one of the most important aspects of employee desires.

In the literature study it was indicated that the key construct in psychological contract theory in terms of its relationship with outcomes is psychological contract fulfilment/breach. A breach of the psychological contract is based on the individual's perceptions of what an organisation has promised and how well the organisation has fulfilled these promises. Temporary workers were characterised as having transactional psychological contracts, implying that they will only put in what they feel they will get out for example, long hours and extra work in exchange for high pay. The literature shows that temporary employees'

psychological contract may have changed from the notion of a 'career' and has been sacrificed in favour of 'self-reliance' and 'adaptability'.

The literature study has also revealed that perceived control or alternatively, employee choice over employment status has a moderating effect on job insecurity. It has shown that temporary employees who become temporary workers out of necessity or lack of other options have poorer attitudes towards their jobs and it may have a negative impact on their job insecurity.

Contingent workers were also acknowledged to differ demographically from full-time employees. It was illustrated how the psychological contract and job insecurity of the temporary employees are related to their demography to understand their work attitudes by use of the psychological contract and demographic data.

To test the literature, a case study company was identified that employs the services of a TESP. A background was given to identify the reasons for companies using TESP presently in South Africa and elsewhere. The escalation of numbers in the industry was illustrated. Implications of temporary work for client companies and temporary employees in regards to the Labour Law were illustrated and the demography of the temporary employees in the case study was revealed. Furthermore, two measuring instruments and a biographical questionnaire were used to evaluate the employees' experience of the psychological contract and job insecurity.

The psychological contract of the temporary employees who participated in the study is made out of several factors. In Table 3 the statistical analysis indicated that the temporary employees experienced an average of 94.7% of employer obligations promises made and it included items such as: Responsibility, Colleague support, Feedback, Procedural fairness, Efficient organisation and Working time arrangements (all an average of 90.3%). More salient and expected from temporary employees are the items that featured in promises not made. An average of 5.3% promises were not made and included items such as: Supervise other people (22.8%), Reimbursement of costs (20.1%), Job security (20.1%) and Additional allowances (18.1%).

Detaching responses associated with promises made, factors were identified associated with Employer Obligations, as indicated in Table 4. Only two items did not load above 0.45 and was replaced with blanks in Table 4. They are item 3: To be able to do work in my own fashion and item number 25: To have influence on how things go within your department. A likely reason why specifically these two

items have not been found to load significantly may be perceptible in the type of working circumstances temporary employees are subjected to when contracted to do a narrowly defined function such as for instance data capturing (total percentage data capturers in study population is incidentally 50.4%).

In Table 5 the descriptive statistics of the factors associated with Employer Obligations were shown. The mean of the factors Work Promises Kept (62%) and Management Promises Kept (67%) indicated that the promises were largely perceived to be kept. The factor where promises were least perceived to be kept was Organisational Promises Kept (51%). The mean percentage of Organisational Promises Kept shows that the temporary employees perceived that promises were only half kept with items such as job security. It was expected by the literature study that temporary employees might suffer from job insecurity and the results of the 'Tilburgse Psychologisch Contract Vragenlijst' confirms this. It is interesting to note that the other items that form part of the factor Organisational Promises also point directly to the idiosyncrasies of the temporary employment industry: to deviate from rules, a good salary, added benefits and rewards and additional allowances. The factor which promises were mostly kept was Work Atmosphere Promises Kept (75%). Items that loaded on this factor were linked to colleague affiliation, good working atmosphere, to be able to work together in a pleasant way, to know the people one works with, to receive support and help from colleagues and good physical working conditions. On closer inspection these items point to the physical workplace of the client, client staff and fellow colleagues. The temporary employees are immersed in the client's culture, organisational climate and environment. The mean of this factor may differ extensively from respondents from one client workplace to another as the worksite of one client company will differ to another.

Three internally consistent factors were extracted from the factor analysis associated with Job Insecurity as can be seen in Table 6. They are: Optimism for Future Tenure, Concern for Future Tenure and Fearful of Threats to Present Tenure. In Figure 1 and in the subsequent elucidation a theoretical parallel was drawn between the factors and the following concurrent components of Hellgren's (2003) model: Objective situation (Optimism for Future Tenure), Subjective characteristics (Concern for Future Tenure) and Job security (Fearful of Threats to Present Tenure). Ferrie (2001) stated that job insecurity could be experienced at a personal level (subjective) or attributed externally (objective) and the items that loaded together as factors confirm this.

In Table 7 the descriptive statistics of the factors associated with Job Insecurity were shown. The mean percentage of Optimism for Future Tenure (66%) show that the respondents agreed with items that relates to being hopeful of continuing to work on site, having only a small chance of becoming unemployed,

being sure of job environment and being sure to keep current job. The collected response showed that the respondents are optimistic of the objective (external) situation and, more importantly, in the continuance of their current assignment. The mean percentage of Concern for Future Tenure (68%) – however – indicated that the respondents agreed on a personal (subjective) level with items that relates to being anxious to become unemployed, being uncertain about the future of the job and worries about the continuance of his/her career. In addition to that, the mean percentage of Fearful of Threats to Present Tenure (66%) pointed that the respondents agreed to items that relates to fear of losing his/her job/getting fired and possibility of losing his/her job/being dismissed. The responses that agreed to items of the latter two factors showed that the respondents are concerned about the continuance of their tenure and are fearful to threats to their tenure. The latter two factors mean percentages confirm the literature study's assumption that temporary employees have high levels of job insecurity. The fact that the respondents have shown to be optimistic in an objective sense about the continuance of their assignment was not expected and on face value it seems to disagree with their apparent Concern for Future Tenure and Fearful of Threats to Present Tenure. Even though this indicates that they are concerned and fearful – they are optimistic non-the-less.

In Table 8 the correlations between the factors drawn from the psychological contract and job insecurity were illustrated. A strong negative correlation (-.315) was found between Fearful of Threats to Present Tenure and Organisational Promises Kept. Fears of losing their job or getting fired correlated negatively with items of Organisational Promises Kept which included items such as being allowed to deviate from rules when necessary, good salary, added benefits, job security, rewards and additional allowances. It is not surprising that items such as not being able to deviate from rules when necessary and job security to correlate negatively with fears of losing their job or getting fired. Similarly, there was a medium negative correlation (-.206) between Concern for Future Tenure and Organisational Promises Kept. It should be noted that the job insecurity factors Fearful of Threats to Present Tenure and Concern for Future Tenure correlated negatively with all the factors of the psychological contract. The negative correlations of Organisational Promises Kept with Fearful of Threats to Present Tenure (-.315) and Concern for Future Tenure (-.206) being the strongest. There seems to be a disagreeable appearance of the job insecurity of the respondents (being optimistic but still concerned and fearful), but the negative correlations of the 'fearful' and 'concerned' job insecurity factors and strong positive correlations of the 'optimistic factor' with every single one of the psychological contract factors bring forth a more understandable representation.

The factor of job insecurity, Optimism of Future Tenure demonstrated a strong positive correlation with all the factors of the psychological contract: Work Promises Kept (.496), Management Promises Kept (.498), Organisational Promises Kept (.517) and Work Atmosphere Promises Kept (.445). All the items of this job insecurity factor signify an optimistic outlook on the continuance of the current job and this related strongly to all the factors of the psychological contract. This illustrates that the temporary employees with a positive psychological contract in this study also had an optimistic outlook on their continued assignment to the contracted company. The items of Optimism of Future Tenure fit into the *Objective situation* of Hellgren's model as mentioned earlier. The individuals do not have much control over the objective situation; seeing that factors such as the labour market, organised change, the employment contract and the uncertain future of the organisation (client organisation, TESP and their mutual relationship) play a major role. Having said that, regardless of the controllability of the situation by the worker, the correlation between the perceptions is that; if the TESP keeps its promises, the temporary worker will be optimistic in regards to his/her future tenure at the client.

A strong negative correlation (-.246) was found between Fearful of Threats to Present Tenure and Management Promises Kept. Fears of losing their job or getting fired correlated negatively with items of Management Promises Kept which includes: policies and procedures, organisational communication, receiving needed information and good Human Resource Management practices to name a few. This illustrates that the temporary employees expectations of the TESP are strongly influenced by the TESP actions, policies and procedures and that failure by the TESP to adhere to just conduct and fair HR and IR practices, will have a negative impact on the employees' job security.

In the literature study it was shown that all the evidence regarding the moderating effect on outcomes of employee choice over employment status could elicit the hypothesis that individuals who indicate a preference for temporary work arrangements may have higher levels of job security than those who are forced to apply for temporary due to a lack of finding permanent positions. The question was asked in the biographical questionnaire and as can be seen in Table 10, Voluntary Status has shown a statistical significant difference using Wilk's Lambda statistics with the experience of job insecurity and the psychological contract, albeit marginal (.045). None of the individual factors differed significantly with Voluntary Status using Tests of Between-Subjects Effects and no meaningful deductions can be made out of Voluntary Status and the factors of job insecurity and the psychological contract. It is crucial to note that only 10.7% or 16 out of the 149 respondents joined the temporary market out of choice (see Table 9). This also plays a statistical role in the fact that Voluntary Status showed only a marginal statistical difference.

The literature study acknowledged that contingent workers differ demographically from full-time employees in regards to age, gender and tenure. The strongest feeling of job insecurity were reported to be held by the youngest and oldest members of the workforce (Burchell et al., 1997;1999) and job insecurity was found as a strong theme in a young study population in a study by Smithson and Lewis (2000). Although the average age of this study population is 27 years and a theme of job insecurity has been identified looking at the mean percentages of job insecurity in Table 7, no statistical significant differences was found using Wilk's Lambda statistics. Similarly, no statistical significant differences were found relating to gender or tenure.

Certain other biographical questions that were incorporated into the biographical questionnaire have shown statistical differences. Among the study population ( $N=149$ ), 92 of the respondents were given an Assignment Duration Contract that stipulates the end date of the current assignment. The remaining 57 have been contracted to the client without a specified end date of assignment. The respondents that were on Assignment Duration Contracts perceived that promise were largely kept in the factor Management Promises Kept (72%). Those that were not on Assignment Duration Contracts reported promises to be half kept (58%). Comparably, the respondents on Assignment Duration Contracts perceived that promise kept to a higher degree (79%) in the factor Work Atmosphere Promises Kept and those that were not on Assignment Duration Contracts reported promises to be largely kept (68%).

TESP's could draw many benefits using an instrument measuring the psychological contract and job insecurity to gauge the changing relationship and to implement necessary interventions such as a Duration Assignment contract.

Even though no concrete statistical proof of employee choice over employment status having a moderating effect on job insecurity was found. It has shown that temporary employees who become temporary workers out of necessity or lack of other options may have poorer attitudes towards their jobs and it may have a negative impact on their job insecurity and the TESP. This should be kept in mind when recruiting.

TESP's should manage the expectations of their temporary workforce by being very careful when initiating the psychological contract upon commencement of every assignment. This is critical in preventing psychological contract breach/violation and avoiding the deleterious effects there-of. Especially important is not creating an expectation of permanent employment if the position has no prospect of becoming a permanent one and not making promises relating to job security (refer to

Organisational Promises Kept). In line with this, the TESP should be honest in the making of promises in connection to the work atmosphere at the client site (refer to Work Atmosphere Promises kept).

The temporary employees in this study population have shown a great deal of Optimism of Future Tenure and this correlated strongly with all the positive psychological contract factors. This should be kept in mind when recruiting, as this factor will play a role in a positive psychological contract. Fearful to Threats to Present Tenure correlated strongly negatively with Management Promises Kept and TESP's can improve job security by establishing and upholding solid HR practises, good policies and procedures, positive organisational communication, giving needed information and fair IR practices.

Based on the results of this study, it is recommended that more than one client company should be included in the study population in order to compare results and the efficacy of the measuring instruments used. A more comprehensible picture on the psychological contract and job insecurity of temporary employees may also be gleaned using a longitudinal study with interventions. The Assignment Duration Contract question and resultant statistical differences that were extracted serves as a good example and meaningful deductions could have been made if it had been studied as an intervention in a longitudinal study.

Questions should be integrated in either the biographical questionnaire or the instrument measuring the psychological contract that more clearly differentiate between the employer and supervisors/superiors. Questions should also be included that clearly differentiate the workplace of the client and the TESP. Questions that draw on the subjective and objective situation as cited by Hellgren's (2003) model should also be included to expound on the controllability of the temporary employee's situation. A possible reason the temporary employees in this study population have shown to be optimistic of continued tenure might be promises or innuendos experienced that they may be appointed permanently in due course. This could not be confirmed in the battery of instruments used in this study and questions alluding to this should be built-in. A question relating to Voluntary Status should be used again in any further studies. The wording of the question in this study may have forced respondents to answer in a certain manner and this may have caused a prejudiced result.

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## CHAPTER 3

### CONCLUSIONS AND RECOMMENDATIONS

#### 3.1 Certain conclusions and recommendations

Chapter 1 of this study provided an overview of the nature and scope of the research problem. It gave bearing of what the study aims to achieve. In addition it provided a general idea of the primary and secondary objectives of this study and the method of research and the analysis of data were discussed as to explain to the reader how the researcher intends to accomplish these objectives. The division of chapters indicated to the reader how the study will be pursued and indicated more or less the topics for discussion. The research findings, as discussed in the article, appear to achieve these set objectives. To affirm the research findings, the necessity exists to come to a concluding perspective and provide several conclusions and recommendations.

Chapter 2 of the study seek advice from and conferred with literature to provide a concrete theoretical understanding. From this, it became apparent that the proportion of the workforce on temporary contracts of employment is increasing, as organisations use non-permanent staff as a flexible resource. The literature study indicated that there has been a proliferation of firms involved in Temporary Employment Services since 1983 in South Africa and that the industry has grown exponentially since 1996. One of the reasons for this proliferation was that companies use TES as an employment strategy to respond more effectively to changing market conditions. The literature study showed that work seekers view temporary work as an entry to the world of work, an opportunity to gain experience and skills and as a resort when failing to find permanent work.

Reasons were offered on why companies, such as the one studied in this case study, are rapidly separating their workforce into core and buffer workers. Some reasons for this managerial practice include providing the organization with a flexible workforce, freeing the organization from a number of human resource management tasks, allowing the organization to evaluate workers prior to hiring them on a full-time basis and, in some cases, shielding permanent workers from layoffs. The literature study showed that little was known about the employee's outlook on temporary work arrangements in South African TESP's. In Chapter 2 the experience of job insecurity and how it is related to their psychological contract among young temporary employees ( $N=149$ ) contracted to a prominent health insurance company in South Africa was examined.

Many researchers studying psychological contract theory suggested such temporary staff have a different psychological contract with the organisation than their permanent counterparts and that there are inevitable similarities in people's perceptions, often determined by the common work situation that they share. This study aimed to point out those unique similarities in perceptions of temporary employees contracted to the same company and prominence was given to the individuals' interpretation of employer obligations.

The psychological contract of the temporary employees who participated in the study was made out of several factors. The statistical analysis indicated that the temporary employees experienced an average of 94.7% of employer obligations promises made and it included items such as: Responsibility, Colleague support, Feedback, Procedural fairness, Efficient organisation and Working time arrangements (all an average of 90.3%). More salient and expected from temporary employees are the items that featured in promises not made. An average of 5.3% promises were not made and included items such as: Supervise other people (22.8%), Reimbursement of costs (20.1%), Job security (20.1%) and Additional allowances (18.1%).

In Chapter 2 the descriptive statistics of the factors associated with Employer Obligations were shown. The mean of the factors Work Promises Kept (62%) and Management Promises Kept (67%) indicated that the promises were largely perceived to be kept. The factor where promises were least perceived to be kept was Organisational Promises Kept (51%). The mean percentage of Organisational Promises Kept showed that the temporary employees perceived that promises were only half kept with items such as job security. It was expected by the literature study that temporary employees might suffer from job insecurity and the results of the psychological contract factors confirmed this. It was interesting to note that the other items that form part of the factor Organisational Promises also pointed directly to the idiosyncrasies of the temporary employment industry: to deviate from rules, a good salary, added benefits and rewards and additional allowances. The factor which promises were mostly kept was Work Atmosphere Promises Kept (75%). Items that loaded on this factor were linked to colleague affiliation, good working atmosphere, to be able to work together in a pleasant way, to know the people one works with, to receive support and help from colleagues and good physical working conditions. On closer inspection these items pointed to the physical workplace of the client, client staff and fellow colleagues. The temporary employees are immersed in the client's culture, organisational climate and environment. The mean of this factor may differ extensively from respondents from one client workplace to another as the worksite of one client company will differ to another.

Temporary employment contracts have typically been characterized by the literature study as providing minimal job security, continuity and predictability, the temporary worker face the threat of future job loss; yet typically lack the power to do anything about this potential threat. It was made clear in the literature and empirical study that though a permanent position may not be available most temporary workers seem to yearn for it and most of the temporary workers in this study joined the TESP involuntarily.

Three internally consistent factors were extracted from the factor analysis associated with Job Insecurity in Chapter 2. They are: Optimism for Future Tenure, Concern for Future Tenure and Fearful of Threats to Present Tenure. A theoretical parallel was drawn between the factors and the concurrent components of Hellgren's (2003) model: Objective situation (Optimism for Future Tenure), Subjective characteristics (Concern for Future Tenure) and Job security (Fearful of Threats to Present Tenure). Chapter 2 proposed that job insecurity could be experienced at a personal level (subjective) or attributed externally (objective) and the items that loaded together seemed to confirm this.

The collected response in job insecurity showed that the respondents were optimistic of the objective (external) situation and, more importantly, in the continuance of their current assignment. The mean percentage of Concern for Future Tenure (68%) – however – indicated that the respondents agreed on a personal (subjective) level with items that relates to being anxious to become unemployed, being uncertain about the future of the job and worries about the continuance of his/her career. In addition to that, the mean percentage of Fearful of Threats to Present Tenure (66%) pointed that the respondents agreed to items that relates to fear of losing his/her job/getting fired and possibility of losing his/her job/being dismissed. The responses that agreed to items of the latter two factors showed that the respondents are concerned about the continuance of their tenure and are fearful to threats to their tenure. The latter two factors mean percentages confirm the literature study's assumption that temporary employees have high levels of job insecurity. The fact that the respondents have shown to be optimistic in an objective sense about the continuance of their assignment was not expected and on face value it seems to disagree with their apparent Concern for Future Tenure and Fearful of Threats to Present Tenure. Even though this indicates that they are concerned and fearful – they are optimistic non-the-less.

In Chapter 2 correlations between the factors drawn from the psychological contract and job insecurity were illustrated. A strong negative correlation (-.315) was found between Fearful of Threats to Present Tenure and Organisational Promises Kept. Fears of losing their job or getting fired correlated negatively with items of Organisational Promises Kept which included items such as being allowed to deviate from

rules when necessary, good salary, added benefits, job security, rewards and additional allowances. It was not surprising that items such as not being able to deviate from rules when necessary and job security to correlate negatively with fears of losing their job or getting fired. Similarly, there was a medium negative correlation (-.206) between Concern for Future Tenure and Organisational Promises Kept. It was noted that the job insecurity factors Fearful of Threats to Present Tenure and Concern for Future Tenure correlated negatively with all the factors of the psychological contract. The negative correlations of Organisational Promises Kept with Fearful of Threats to Present Tenure (-.315) and Concern for Future Tenure (-.206) being the strongest. There seemed to be a disagreeable appearance of the job insecurity of the respondents (being optimistic but still concerned and fearful), but the negative correlations of the 'fearful' and 'concerned' job insecurity factors and strong positive correlations of the 'optimistic factor' with every single one of the psychological contract factors brought forth a more understandable representation in Chapter 2.

The factor of job insecurity, Optimism of Future Tenure demonstrated a strong positive correlation with all the factors of the psychological contract: Work Promises Kept (.496), Management Promises Kept (.498), Organisational Promises Kept (.517) and Work Atmosphere Promises Kept (.445). All the items of this job insecurity factor signified an optimistic outlook on the continuance of the current job and this related strongly to all the factors of the psychological contract. This illustrated that the temporary employees with a positive psychological contract in this study also had an optimistic outlook on their continued assignment to the contracted company. The items of Optimism of Future Tenure fitted into the *Objective situation* of Hellgren's model as mentioned earlier. The individuals do not have much control over the objective situation; seeing that factors such as the labour market, organised change, the employment contract and the uncertain future of the organisation (client organisation, TESP and their mutual relationship) play a major role. It was pointed out that regardless of the controllability of the situation by the worker, the correlation between the perceptions is that; if the TESP keeps its promises, the temporary worker will be optimistic in regards to his/her future tenure at the client.

A strong negative correlation (-.246) was found between Fearful of Threats to Present Tenure and Management Promises Kept. Fears of losing their job or getting fired correlated negatively with items of Management Promises Kept which included: policies and procedures, organisational communication, receiving needed information and good Human Resource Management practices to name a few. This illustrated that the temporary employees expectations of the TESP are strongly influenced by the TESP actions, policies and procedures and that failure by the TESP to adhere to just conduct and fair HR and IR practices, will have a negative impact on the employees' job security.

The literature study has also revealed that perceived control or alternatively, employee choice over employment status has a moderating effect on job insecurity. It has shown that temporary employees who become temporary workers out of necessity or lack of other options have poorer attitudes towards their jobs and it may have a negative impact on their job insecurity. The question relating to joining the TESP voluntarily or involuntarily was asked in the biographical questionnaire and Voluntary Status has shown a statistical significant difference using Wilk's Lambda statistics in Chapter 2, albeit marginal (.045). None of the individual factors differed significantly with Voluntary Status using Tests of Between-Subjects Effects and no meaningful deductions can be made out of Voluntary Status and the factors of job insecurity and the psychological contract. It is crucial to note that only 10.7% or 16 out of the 149 respondents joined the temporary market out of choice and this played a statistical role in the fact that Voluntary Status showed only a marginal statistical difference.

Contingent workers were also acknowledged to differ demographically from full-time employees, but the extent to which work attitudes differ were less clear. It was determined how the psychological contract and job insecurity of the temporary employees are related to their demography to understand their work attitudes by use of the psychological contract and demographic data. Although the average age of this study population was 27 years and a theme of job insecurity was identified taking in consideration the mean percentages of job insecurity, no statistical significant differences was found using Wilk's Lambda statistics. Similarly, no statistical significant differences were found relating to gender or tenure.

Although they did not form part of the set objectives of the study, certain other biographical questions that were incorporated into the biographical questionnaire have shown statistical differences. Among the study population ( $N=149$ ), 92 of the respondents were given an Assignment Duration Contract that stipulated the end date of the current assignment. The remaining 57 have been contracted to the client without a specified end date of assignment. The respondents that were on Assignment Duration Contracts perceived that promise were largely kept in the factor Management Promises Kept (72%). Those that were not on Assignment Duration Contracts reported promises to be half kept (58%). Comparably, the respondents on Assignment Duration Contracts perceived that promise kept to a higher degree (79%) in the factor Work Atmosphere Promises Kept and those that were not on Assignment Duration Contracts reported promises to be largely kept (68%).

Recommendations were made regarding psychological contracts and job insecurity to the TES industry.

TESP's were advised to use an instrument measuring the psychological contract and job insecurity to gauge the changing relationship and to implement necessary interventions such as a Duration Assignment contract.

Even though no concrete statistical proof of employee choice over employment status having a moderating effect on job insecurity was found. It was shown in Chapter 2 that temporary employees who become temporary workers out of necessity or lack of other options may have poorer attitudes towards their jobs and it may have a negative impact on their job insecurity and the TESP. It was advised that this should be kept in mind when recruiting.

TESP's were recommended to manage the expectations of their temporary workforce by being very careful when initiating the psychological contract upon commencement of every assignment. It was postulated that this may be critical in preventing psychological contract breach/violation and avoiding the deleterious effects there-of. Note was made of the importance of not creating an expectation of permanent employment if the position the TESP is about to assign the assignee to has no prospect of becoming a permanent one . It was also noted that the TESP should not make promises relating to job security. In line with this, the TESP was encouraged to be honest in the making of promises in connection to the work atmosphere at the client site.

It was noted that the temporary employees in the study population have shown a great deal of Optimism of Future Tenure and that this correlated strongly with all the positive psychological contract factors. TESP's were reminded that this should be kept in mind when recruiting, as this factor will play a role in a positive psychological contract. Also, Fearful to Threats to Present Tenure correlated strongly negatively with Management Promises Kept and TESP's were suggested to improve job security by establishing and upholding solid HR practises, good policies and procedures, positive organisational communication, giving needed information and fair IR practices.

### **3.2 Recommendations for future studies**

The researcher identified the following possibilities for future research from this study:

- It is recommended that more than one client company should be included in the study population in order to compare results and the efficacy of the measuring instruments used.
- A more comprehensible picture on the psychological contract and job insecurity of temporary employees may be gleaned using a longitudinal study with interventions. The Assignment Duration

Contract question and resultant statistical differences that were extracted in this study served as a good example and meaningful deductions could have been made if it had been studied as an intervention in a longitudinal study

- Questions should be integrated in either the biographical questionnaire or the instrument measuring the psychological contract that more clearly differentiate between the employer and supervisors/superiors. Questions should also be included that clearly differentiate the workplace of the client and the TESP.
- Questions that draw on the subjective and objective situation as cited by Hellgren's (2003) model should also be included to expound on the controllability of the temporary employee's situation. A possible reason the temporary employees in this study population have shown to be optimistic of continued tenure might be promises or innuendos experienced that they may be appointed permanently in due course. This could not be confirmed in the battery of instruments used in this study and questions alluding to this should be built-in.
- A question relating to Voluntary Status should be used again in any further studies. The wording of the question in this study may have forced respondents to answer in a certain manner and this may have caused a prejudiced result.

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**Dear Respondent**

Please find attached a questionnaire regarding a study at the North-West University. This research forms part of a Masters Degree study at the North-West University. Both Discovery and Transman management have been informed of the project.

The purpose of this study is to measure how the staff experience the employment relationship by testing their experience of the psychological contract and job security.

The questionnaire will be administered on one occasion per department over a period of a month, with the first being during July 2005. The measuring instruments, which form part of the questionnaire, were originally created in English. The questionnaire therefore, for the purpose of comparing it with similar studies abroad, will remain English. We hope that you understand that this use of English is by no means a misappreciation of any of the other national languages, as this is necessary in order to ensure the validity and reliability of this project.

The general findings of the research will, after completion of the project, be made available to Transman staff and management as well as Discovery management.

We request that you return your completed questionnaire to the administrator on completion.

Thank you in advance / Ka tebogo / By voorbaat dankie

Mr. LG Botha - (North-West University / Yunibesiti ya Bokone-Bophirima / Noordwes-Universiteit)  
Mr. BJ Linde - (North-West University / Yunibesiti ya Bokone-Bophirima / Noordwes-Universiteit)  
Prof. I Rothman - (North-West University / Yunibesiti ya Bokone-Bophirima / Noordwes-Universiteit)

How we would like you to complete the questionnaire:

- Please read through all questions or statements and please answer all the questions, accept where specifically noted otherwise.
- In cases where you have to print the information, please print text clearly.
- Please use a black pen.
- Please give your first and natural answer –try not to dwell to long on each question.
- Please base your answers on how you most recently felt (+/- the last 3 months), unless the question asked you to do otherwise.

Furthermore, all information will be treated confidentially and will for no other reason other than the purpose of this study be distributed or used. We function under a code of ethics that forbids us to distribute or use information otherwise. So please be honest with your responses, as it will help to ensure the success of this project.

**Biographical Questionnaire**

- Please state the department where you are working:**
- Gender:** Male  Female
- Marital status:** Single/ widow/ widower  Engaged / in a relationship  Married  Divorced  Separated  Remarried
- Please rate your satisfaction with your current relationship/marriage/single status:**  
Very dissatisfied  Dissatisfied  Not satisfied nor dissatisfied  Satisfied  Very satisfied
- Please indicate your home language:**  
English  Afrikaans  SePedi  SeSotho  SeTswana  SiSwati   
TshiVenda  IsiZulu  IsiNdebele  IsiXhosa  XiTsonga   
Other:
- Please state your age: (in years)**
- Please indicate your highest level of education/qualifications:**  
Highest grade/ standard: Grade:  Standard:  3 year degree   
4 year degree or honours  5 to 7 year degree   
Masters degree  Doctoral degree

8. Please indicate whether you are currently on an Assignment Duration Contract with Transman at Discovery :

Yes  No

9. Have you chosen a temporary contract voluntarily or have you applied involuntarily, that is, are you a temporary employee out of choice or are you involuntarily a temporary employee and would rather have preferred a permanent position (please tick only one).

Voluntary?  Involuntarily?

10. What type of transport do you take to work and back?

Public transport  Own car  Lift club  Taken to work by family/friend(s)   
Other not listed, please specify:

11. What is your average cost per week on transport?

12. What is the average time you spend going to work?

13. Please indicate your job title:

14. How Long have you been working at your current workplace?

Years  Months

15. How many chances of job promotions have you had in the past five years in your current institution?

16. Please give a rough estimate of the total number of hours you work in a typical week:

Up to 10  11 – 20  21 – 30  31 – 40  41 – 50  51 or more

17. Please give a rough estimate of the number of hours you work in a typical workweek outside of your normal 'office'/ contracted hours:

Up to 10  11 – 20  21 – 30  31 – 40  41 – 50  51 or more

18. To what degree do you agree with the statement: "I consider quitting my job?"

Strongly Disagree  Disagree  Don't Agree nor Disagree  Agree  Strongly Agree

19. How frequent do you consider quitting your job?

Everyday  Often  Sometimes  Seldom  Never

**Experience of the Psychological Contract**

The purpose of this part is to establish your experience of expectations and obligations associated with your employment.

**A) Employer obligations**

Indicate if the following promises were made to you with employment and in what way were they kept. Please make a visible and clear mark over 0, 1, 2, 3, 4 or 5, with:

	0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half-kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept
1 To have work that is varied.	0	1	2	3	4	5
2 To be able to work without being disturbed too much.	0	1	2	3	4	5
3 To be able to do my work in my own fashion.	0	1	2	3	4	5
4 To be able to produce quality goods and/or services.	0	1	2	3	4	5
5 To have some responsibility within my field of work.	0	1	2	3	4	5
6 To be able to meet the wishes of customers/clients.	0	1	2	3	4	5
7 Reasonable work pressure.	0	1	2	3	4	5
8 To be able to show my true potential.	0	1	2	3	4	5
9 To supervise other people.	0	1	2	3	4	5
10 To do work that stimulates my mind.	0	1	2	3	4	5
11 To be allowed to take initiative.	0	1	2	3	4	5

	0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half-kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept
12 To do work that suits my knowledge & skills.	0	1	2	3	4	5
13 Achieve progress in my field of work.	0	1	2	3	4	5
14 To get promoted from time to time.	0	1	2	3	4	5
15 To acquire more knowledge and skills.	0	1	2	3	4	5
16 To be able to change jobs within the organization.	0	1	2	3	4	5
17 To be trained.	0	1	2	3	4	5
18 To have colleagues whom I like & who like me.	0	1	2	3	4	5
19 A good working atmosphere.	0	1	2	3	4	5
20 Possibilities to work together in a pleasant way.	0	1	2	3	4	5
21 To be able to get to know more people through my work.	0	1	2	3	4	5
22 To receive support & help from colleagues when necessary.	0	1	2	3	4	5
23 Appreciation for my work.	0	1	2	3	4	5
24 To be able to give your own opinion.	0	1	2	3	4	5
25 To have influence on how things go within your department.	0	1	2	3	4	5
26 That I am allowed to deviate from the rules when necessary.	0	1	2	3	4	5
27 To get feedback on the tasks that I have completed.	0	1	2	3	4	5
28 Righteous manager or supervisor.	0	1	2	3	4	5
29 To be able to have trust in the management.	0	1	2	3	4	5
30 Clearness & righteousness of measures & procedures.	0	1	2	3	4	5
31 That the organization acts flexible in the application of rules & regulations.	0	1	2	3	4	5
32 That communications channels are open, clear & direct.	0	1	2	3	4	5
33 That people receive information needed.	0	1	2	3	4	5
34 This organization is efficient.	0	1	2	3	4	5
35 Good physical working conditions (for example light, temperature, hygiene, noise, smell, comfort, aides).	0	1	2	3	4	5
36 Good HRM-practices (appraisal interviews, career guidance; special opportunities for specific categories of employees, like women, foreign workers, older employees, people with disabilities, pregnant women, parents).	0	1	2	3	4	5

	0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half-kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept
37 Flexibility of the organization in matching demands of non-work roles with work, commitment of the organization with your personal circumstances.	0	1	2	3	4	5
38 Good working time arrangements and taking days off from work is usually no problem.	0	1	2	3	4	5
39 A good salary.	0	1	2	3	4	5
40 Reimbursement of costs for training, education, childcare & travel.	0	1	2	3	4	5
41 Job security.	0	1	2	3	4	5
42 (Financial) additional rewards for performance or special occasions, bonuses & advantages.	0	1	2	3	4	5
43 Good additional allowances.	0	1	2	3	4	5

Overall, how well has the organisation fulfilled its commitments to you?

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**B) Job Insecurity**

Indicate your answer on a continuum of 1 to 5, with 1 being *Strongly disagree* & 5 being *Strongly agree* for each statement as it applies to you:

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1 I think that I will be able continue working here.	1	2	3	4	5
2 There is only a small chance that I will become unemployed.	1	2	3	4	5
3 I am certain/sure of my job environment.	1	2	3	4	5
4 I am very sure that I will be able to keep my job.	1	2	3	4	5
5 It makes me anxious that I might become unemployed.	1	2	3	4	5
6 I feel uncertain about the future of my job.	1	2	3	4	5
7 I worry about the continuation of my career.	1	2	3	4	5
8 I fear that I might lose my job.	1	2	3	4	5
9 I fear that I might get fired.	1	2	3	4	5
10 There is a possibility that I might lose my job in the near future.	1	2	3	4	5
11 I think that I might be dismissed in the near future.	1	2	3	4	5

**We thank you for your time and participation**