A study on the influence of perception of equity by contractual employees on their job satisfaction in the workplace

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Abstract

With IT boom, majority of the corporations have increasingly been recruiting their workforce on contract. Dearth of jobs and increase in population has caused the management to take an upper hand in calling the shots with regard to their HR policies. A major chunk of a company’s workforce is constituted by the employees on contract. The HR policies are more in tune to provide to the needs of permanent employees – whether it is with regard to the salary policies or the reward and recognition programmes held at the company, the contractual workforce are seldom considered to be a part of the proceedings. The constant differential treatment regardless of the performance of the contractual resource over a period of time leads to a dissatisfied workforce. With time, there will be a marked reduction in the productivity of the organization.

John Stacey Adams, a workplace and behavioural psychologist, put forward his Equity Theory on job motivation in 1963. There are similarities with Charles Handy's extension and interpretation of previous simpler theories of Maslow, Herzberg and other pioneers of workplace psychology, in that the theory acknowledges that subtle and variable factors affect each individual's assessment and perception of their relationship with their work, and thereby their employer. When people feel fairly or advantageously treated they are more likely to be motivated; when they feel unfairly treated, they are highly prone to feelings of disaffection and demotivation.

This study aims to understand the correlation between the treatment of the contractual resources and its impact on their performance.

Keywords: Contractual employees, perception of equity, job satisfaction

Introduction

Contractual workers form a major portion of the employee workforce in any organization regardless of the type of industry. Demanding work hours and increasing expectation from the management means that everybody in the company, regardless of the type of employment, will have to put in 100% effort if not more. When we expect equal contribution from everybody, it’s imperative that everybody be treated equally. However, this is not mirroring reality. Majority of the companies have policies that reflect their outlook towards contractual resources. The policies differentiate between employees and contractual resources with zero regard to equality in treatment. Since majority of the workforce is made up of people on contract, this differential treatment results in a major chunk of disheartened and demotivated workforce. Management needs to understand the importance of equity in treatment. This will ensure better morale amongst the workforce as well as better productivity for the management.

History of Contractual Workforce

Indian contract law is heavily influenced by the British which in turn was heavily influenced by the Ancient Greek and the Roman thought. Consequently, English contract law was affected by its trading relations with northern Europe. Then came the industrial revolution. Collective bargaining and growing number of employment rights carried the employment contract into an autonomous field of labour law where workers had rights, like a minimum wage, fairness in dismissal, the right to join a union and take collective action, and these could not be given up in a contract with an employer.
Theoretical frame work of the study

This paper draws inputs from the theoretical frame work set by Stacey Adams (1965) equity theory. Equity theory describes how inequities in pay makes employees behave in different ways to stabilize the perceived inequity. According to this theory, individuals are motivated by fairness and if they perceive inequity or differential treatment on comparing themselves to a referent group, they will seek to adjust their output to reach their perceived equity. Adams suggested that higher an individual’s perception of equity, the motivated they will be and vice versa; if one perceives an unfair environment, they will be de-motivated. Input includes time, education, effort, loyalty, hard work etc put in by the individual. Outcomes are positive or negative consequences that the individual perceives a participant has incurred as a result of his/her relationship with another. Typical outcomes include job security, salary, employee benefits, recognition, responsibility, reputation etc. (John Stacey Adams, 1965)

Literature Review

Literature review considered for this exploratory research revolves around different aspects of perceived equity and personal and organizational outcome.

Contractual Employees

Trade unions have been constantly fighting for equality. According to Economic Times (Yogima Sharma, 2015) [4], with the recent news on Labour ministry examining proposal to bring wages of contract workers at par with regular workers, evoking strong reactions from trade unions that allege that the government is backpedalling under pressure from corporate. In their defence, Contract workforce accounts for 55% of public sector jobs and 45% of private sector jobs in the country and raising their salary to the levels of regular workers would lead to significant cost escalation for employers. Employers mostly prefer contract workers owing to the flexibility of terminating their service as well as the fact that contract labourers are paid much less than permanent workers in a country like India with high unemployment levels.

According to Hillary Thomas Wandera St. Paul (2011) [16] The use of temporary workers is growing rapidly. It has spread across industries—from manufacturing to services and other occupations, including construction workers, registered nurses, bankers, information technologists. The number of companies using temporary workers was on the increase as global competition increased and the urge to cut down on costs of undertaking businesses in order to remain competitive rises. The purpose of this study was to examine the effects arising from use of short term contractual employees by employers / organizations. The study used Kenya Forest Service, which had considerable large numbers of employees on short term contracts, as a case. The main objective of this study was to determine the effects of hiring staff on short term employment to an organization. On research methodology, the research was descriptive and utilized a case study approach to achieve the research objectives. The target population was permanent and temporary staff working in Kenya Forest Service. A sample of 51 temporary and permanent staff, representing 30% of all staff working in KFS Head Office was picked for the study. The research utilized both primary and secondary data. Primary data was collected through administration of questionnaire while secondary data was collected from in house text books, reports, journals, newspapers and company’s website and publications. The data collected was analyzed using the spread sheets Windows 2007 and Statistical Package for Social Sciences (SPSS). The data was presented in tables, figures, charts, pie charts and graphs. The study found out that short term employment results to: unscheduled turnover in an organization, low staff morale and low productivity. Short-term employment affected productivity of staff in the organization since a lot of time and effort was used in training new employees as their turnover was high. The research also noted that the very nature of temporary employment increases feelings of divided allegiance on the part of temporary workers. This reduces their level of commitment and hence their productivity. To cope with the challenges of short term employment, the study found that Kenya Forest Service was implementing the following measures: gradually absorbing the temporary employees to permanent employment whenever suitable openings arose, provided on job trainings to short-term employees to equip them with skills so that they could be more productive and frequently reviewed the compensation and benefits terms for staff under short term contracts. Further recommendations were made for adaptation of short term employment contracts in times of economic difficulties; organizations implement proper human asset management practices by integrating temporary workers into the firms and that Companies offer induction and investment in skills by training in order to increase productivity and enhance employees’ commitment to work. (Hillary Thomas Wandera St. Paul, 2011) [16]

Perception of Equity

Adams, (1965) stated that restoring equity is either actual or psychological. Actual restoration of equity refers to the behavior of the individuals who feel injustice to work less (decrease inputs), to demand a raise from their company (increase outputs) or destroy company equipment (decrease company outcome). Psychological restoration of equity refers to convincing one’s self that this inequitable relationship is somewhat equitable by distorting reality.

Adams & Walster (1973) In interpersonal relationships, a person will try to maximize his or her outcomes (where outcome = reward - cost). Groups can maximize the probability of equitable behavior among members when they develop a system where resources are distributed equitably among members. A group also will reward members who behave equitably toward others and punish those who do not.

Shaffer (1974) conducted a study on a small firm with fifty employees who performed similar tasks and had similar pay. When one group was given additional pay than the other group, a feeling of inequity existed which in turn led to lower performance as a result of this feeling. This reaction is predicted by equity theory in which people tend to reduce their outcomes as one of the methods to restore equity.

Carrell & Dittrich (1978) conducted a study which found that individual’s perception of equitable pay may be affected by two demographic variables: current pay level and earnings potential.

Miner (1980) defined equity as justice, inequity injustice. Inequity exists for an individual when he or she perceives an imbalance in the ratio between outcomes (reward for work)
and inputs (efforts at work) as other workers outputs and incomes.

Heneman (1985) research showed that pay satisfaction affects on overall job satisfaction and has a big effect on behaviours such as turnover, absenteeism, and the effort exerted on the job.

Berkowitz, Fraser, Treasure, and Cochren (1987) studied pay perceptions and satisfaction among a random sample of employed men. They found that the more the employees strongly believed their pay was fair; the more satisfied they were with their earnings. Pay equity was a strong predictor of pay satisfaction.

Scarpello (1988) researched the idea that the perceived fairness of one’s pay is a better predictor of pay satisfaction. The researcher concluded that the absolute amount of pay received is in keeping with the evidence showing that the concept of pay fairness and pay satisfaction are strongly related.

Ashford et al., (1989) conducted a study on 425 part-time employees, that concluded that Feelings of insecurity related to part-time work lead to the employee having a lack of confidence in the organization and gradually losing his commitment to it.

Joel Brockner, (1990) studied the scope of justice in the workplace and how survivors react to co-worker layoffs. The studies described in this paper explored the effects of layoffs on the work behaviors and attitudes of the employees not laid off (the survivors). Survivors were hypothesized to become more withdrawn from their jobs and organization to the extent that they believe management handled the layoff unfairly.

Huseman & Hatfield (1990) conducted a study on ten corporate locations which found that when managers and employees have two-way communication, their perception of pay equity was higher than the other group where there was no communication. Even though both groups were paid almost the same as the first group, the first group felt that they were equitably paid while the second group had the perception that they were underpaid.

Summers and Hendrix (1991) investigated how manager’s perception of pay equity with respect to their three most important referents influenced the manager’s performance and turnover intentions. Perceptions of pay equity had no impact on performance, but did have an indirect impact on turnover intentions that was mediated by a variety of attitudinal measures (e.g., job satisfaction, pay satisfaction).

Dumville (1993) has indicated a strong relationship to exist between pay satisfaction and motivation. Work motivation is viewed as an invisible and internal construct; it should result in satisfaction and performance. A study was conducted on players in a major league baseball team, in the year prior to their free agency. As predicted by equity theory, individuals who were undercompensated choose to decrease their performance and had less motivation.

Harley (1994) showed that, regardless of size, sector or industry, there was an association between peripheral work and negative conditions in factors such as wage rates, job security, patterns of gender equality, training and career advancement opportunities, worker autonomy, as the rule rather than the exception. If these trends in short term employment growth continue, an increasing proportion of the workforce is likely to experience relatively poor working conditions. As the majority of workers in peripheral employment in Australia are women, the negative effects of its growth are unequally distributed across society, reinforcing existing patterns of social inequality.

Purnima Singh (1994) conducted a study that examined how three comparison referents—internal same-rank, external same-rank and external whole-organization—and respondents’ hierarchical status in the company influence perceptions of inequity. The study also examined the relationship of perceived inequity with affect, job satisfaction, job involvement, organizational commitment, and stress. Results suggest that when individuals made comparisons with external same-rank and external whole-organization referents they experienced more inequity than when they made internal same-rank comparisons. Managers in comparison to supervisors and workers perceived less inequity related to pay, general rules administration, promotion, company and fringe benefits, advancement opportunities, and social power. Perception of inequity was found to be negatively related to job involvement, job satisfaction, and affect, and positively related to stress.

Cropanzano & Kacmar (1995) Organizations are attempting to develop a work force that is self-managing and autonomous, a sense of justice becomes even more essential as the glue that holds the organization together and maintains teamwork. Nico W. VAN Yperen, Mariët Hagedoorn, Sabine A. E. Geurts (1996) concluded that the perception of inequity is related to intentions to withdraw, i.e. the intent to report sick and the intent to leave, and to actual absence behaviour; deprived employees were less likely to leave the organization when they felt involved in their jobs; deprived employees who perceived an intolerant group absence norm were less likely to report sick.

Watson et al (1996) hypothesized that the impact of payment inequities on job satisfaction levels will be related to the individual’s anticipated internal and external labor market opportunities. Employees who expect to remain in their job for the next three years will be motivated to cognitively adjust to payment inequities while those who have external labor market opportunities will have the least incentive to adjust in this manner.

Hodgson and Maclachlan (1996) found that underpayments or overpayments lowered intrinsic motivation. In their study of Australian employees, whose pay was either more or less than other people in their occupation, reported less job satisfaction when compared to employees who were equitably paid.

Hipel (1997) researched the correlation between duration of employment and as the duration of employment of contractual resources increases, fewer new skills are learnt by the contractual resources and experience lesser variety of task. This is because, most contractual employees join on contract in order to get paid

Job Satisfaction

Mobley, William H. (1977) conducted a study and concluded that the relationship between job satisfaction and turnover is significant and consistent, but not particularly strong.

Davis et al., (1985) concluded that job satisfaction represents a combination of positive or negative feelings that workers have towards their work. Meanwhile, when a worker employed in a business organization, brings with it the needs, desires and experiences which determinates expectations that he has dismissed. Job satisfaction
represents the extent to which expectations are and match the real awards. Job satisfaction is closely linked to that individual’s behaviour in the work place. Larry J. Williams and Stella E. Anderson (1991) studied job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviours and concluded that hierarchical regression analysis found two job cognitions variables (intrinsic and extrinsic) to be differentially related to the two types OCBs, but affective variables and organizational commitment were not significant predictors.

Spector (1997) lists three important features of job satisfaction. First, organizations should be guided by human values. Such organizations will be oriented towards treating workers fairly and with respect. In such cases the assessment of job satisfaction may serve as a good indicator of employee effectiveness. Second, the behaviour of workers depending on their level of job satisfaction will affect the functioning and activities of the organization’s business. From this it can be concluded that job satisfaction will result in positive behaviour and vice versa, dissatisfaction from the work will result in negative behaviour of employees. Third, job satisfaction may serve as indicators of organizational activities. Judge, Timothy A.; Thoresen, Carl J.; Bono, Joyce E.; Patton, Gregory K. (2001) conducted a qualitative and quantitative review of the relationship between job satisfaction and job performance. The qualitative review is organized around 7 models that characterize past research on the relationship between job satisfaction and job performance. The mean true correlation between overall job satisfaction and job performance was estimated to be .30.

Mullins, (2005) concluded that job satisfaction is a complex and multifaceted concept which can mean different things to different people. Job satisfaction is usually linked with motivation, but the nature of this relationship is not clear. Satisfaction is not the same as motivation. Job satisfaction is more of an attitude, an internal state. It could, for example, be associated with a personal feeling of achievement, either quantitative or qualitative.

Christen, Iyer and Soberman (2006) provide a model of job satisfaction presented in Figure 1 in which the following elements are included:
- Job related factors,
- Role perceptions,
- Job performance and
- Firm performance.

Abubakr Mohyeldin Tahir Suliman (2007) conducted a study to examine the nature, strength and significance of the links between organisational justice, job satisfaction and work performance. The study results revealed that employees’ perceptions of justice influence their work performance and that job satisfaction plays a partial role in mediating this effect and influencing work performance. Kaliski (2007) concluded that job satisfaction is a worker’s sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction implies doing a job one enjoys, doing it well and being rewarded for one’s efforts. Job satisfaction further implies enthusiasm and happiness with one’s work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment.

George et al., (2008) concluded that job satisfaction is the collection of feeling and beliefs that people have about their current job. People’s levels of degrees of job satisfaction can range from extreme satisfaction to extreme dissatisfaction. In addition to having attitudes about their jobs as a whole. People also can have attitudes about various aspects of their jobs such as the kind of work they do, their coworkers, supervisors or subordinates and their pay. Eugene P Sheehan (2010) examined the effects of employee turnover on the productivity of those who remain. In a laboratory investigation, subjects completed a proofreading task. A confederate quit the task during break, citing illness etc as the reasons for his or her departure. The subjects then worked on a second proofreading task, after which they completed a questionnaire about their attitudes toward the study. The subjects who were exposed to the dissatisfied confederate proofread significantly less material on the second task than the subjects who were exposed to the ill confederate did. The findings are interpreted in terms of equity theory: A departing colleague can arouse inequity in a stayer that results in a drop in productivity.

Organizational Justice

Intra organizational factors like perceived organizational support and organizational justice within the organization can create different job attitudes like turnover intention. (Rigas, 2009)

The concept of organizational justice is generally explained in terms of perception of fairness in the workplace. (Greenberg and Phelon 2005)

According to a study conducted by Hassan Ali Al-Zu’bi (2010) [15], there is a positive connection between organizational justice and job satisfaction. This study examined the relationship between organizational justice encompassed by three components (distributive justice, procedural justice and interactional justice) and job satisfaction, and employees’ perceptions of workplace justice. The study investigated the relationship of these justice measures in the Jordanian environment. The data was collected through the distribution of questionnaires among 229 employees of Electrical Industrial Companies selected through a stratified random sampling.

The study findings show that only one significant relationship exists between the age of respondents and their perceptions of organizational justice. The findings also suggested that this was positive association organizational justice and job satisfaction. Employee job satisfaction depends upon the organizational justice of managers. Nevertheless, in measuring the three dimensions of organizational justice, the current study used survey items that asked employees to respond to items that asked whether something is generally fair. Finally, although this study was conducted in Jordan, it is anticipated that the findings may have relevance on a broader scale. By replicating this study in different countries and contexts the results could be very helpful for developing a new model of organizational justice with new implementation techniques that can be implemented easily and successfully. (Hassan Ali Al-Zu’bi, 2010) [15]
Conclusion Drawn from Review of Literature

On completing an extensive secondary research and literature review, it can be concluded that there is a direct correlation between differential treatment of contractual workers and its impact on the performance of the contractual resources. Contractual workers seek equity and industrial justice. When they witness differential treatment meted out to them in terms of HR policies, remuneration programmes etc for similar nature of work done by them in comparison to the employees, they get de-motivated thereby having a direct impact on their performance.

Research Gap

Extensive research has been done on equity and industrial justice. However, little research has been done on the equity with regard to contractual resources in comparison to employees and its impact on the contractual resources’ performance. This research attempts to bridge the gap and to help provide an insight to how the contractual workers get de-motivated and how their performance is impacted.

Conceptual Model

This conceptual model draws a relation between treatment of contractual workers and their satisfaction level and productivity. Differential remuneration programmes, differential policies and Industrial injustice affects the behaviour of the contractual resources.

Research Methodology

Objectives

1. To understand the perception of contractual employees with respect to equity
2. To understand the effect of perception of equity on the job satisfaction of contractual employees

Variables being investigated

- **Dependent Variable:** Job Satisfaction
- **Independent Variables:** Perception of equity

Hypothesis

- \(H_0\) = There is no effect of perception of equity on job satisfaction of contractual employees
- \(H_1\) = There is an effect of perception of equity on job satisfaction of contractual employees

Sample Design

For the purpose of the study, the following IT companies located in Bangalore have been considered. A sample of 187 contractual employees have been drawn from the below companies. Questionnaire has been administered to the below mentioned companies for the purpose of collecting data.

- Accenture
- Advant Edge Healthcare Solution Pvt Ltd
- Artech info system
- Cognizant
- Mahindra Comviva
- EMC
- GE
- HCL
- IBM
- Micro Land
- OFSS
- People Combine
- SAP

Inclusion criteria

Contractual employees from IT and ITES companies located in Bangalore

Sampling technique

Simple random sampling technique has been used to administer the questionnaire for data collection

Tool adopted for data collection

The tool used for this study is a self-prepared questionnaire consisting of 9 demographic questions and 42 questions with 5 sub categories namely HR Processes and Policies, Perception of equity, Motivation, Job Satisfaction and Performance. The face validity for the tool has been conducted on 10 respondents from academia. For a sample size of 187, cronbach’s alpha for the tool is 94.
Pilot Study
A pilot study on a sample of 30 respondents was conducted. The results from the pilot study were used to make the tool more reliable and to ensure that the objectives of the study were met. A cronbach reliability test was conducted on the pilot and cronbach alpha for the tool was reported at 0.845 proving that the questionnaire is reliable.

Administration of the tool
The questionnaire was given to contractual employees from 13 companies through simple random sampling. Confidentiality of the response was assured to the respondents.

Data analysis

Table 1: Indicating the Model Summary of perception of equity and job satisfaction of contractual employees

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.851*</td>
<td>0.725</td>
<td>0.700</td>
<td>0.35436</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Pe12, Pe2, Pe4, Pe8, Pe10, Pe9, Pe3, Pe7, Pe11, Pe5, Pe6
b. Dependent Variable: Mean of Job Satisfaction

Table 2: Indicating ANOVA of perception of equity and job satisfaction of contractual employees

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>56.489</td>
<td>15</td>
<td>3.766</td>
<td>29.990</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>21.473</td>
<td>171</td>
<td>.126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>77.963</td>
<td>186</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Pe12, Pe2, Pe4, Pe8, Pe10, Pe9, Pe3, Pe7, Pe11, Pe5, Pe6
b. Dependent Variable: Mean of Job Satisfaction

Table 3: Indicating the Coefficients.

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.196</td>
<td>.300</td>
<td>-</td>
<td>3.987</td>
</tr>
<tr>
<td>Perception of productivity</td>
<td>.027</td>
<td>.040</td>
<td>.033</td>
<td>.663</td>
</tr>
<tr>
<td>Perception of accountability</td>
<td>.075</td>
<td>.047</td>
<td>.068</td>
<td>1.604</td>
</tr>
<tr>
<td>Perception of equity in benefits</td>
<td>.063</td>
<td>.036</td>
<td>.105</td>
<td>1.736</td>
</tr>
<tr>
<td>Entitlement to equity</td>
<td>.051</td>
<td>.041</td>
<td>.060</td>
<td>1.248</td>
</tr>
<tr>
<td>Salary vs. Skill</td>
<td>.123</td>
<td>.036</td>
<td>.209</td>
<td>3.378</td>
</tr>
<tr>
<td>Perception of equity in salary</td>
<td>.082</td>
<td>.049</td>
<td>.108</td>
<td>1.692</td>
</tr>
<tr>
<td>Effort</td>
<td>.052</td>
<td>.033</td>
<td>.079</td>
<td>1.579</td>
</tr>
<tr>
<td>Exploitation</td>
<td>.183</td>
<td>.034</td>
<td>.300</td>
<td>5.303</td>
</tr>
<tr>
<td>Discrimination</td>
<td>.045</td>
<td>.033</td>
<td>.080</td>
<td>1.386</td>
</tr>
<tr>
<td>Responsibility</td>
<td>-.006</td>
<td>.029</td>
<td>-.011</td>
<td>-2.077</td>
</tr>
<tr>
<td>Perception of value of opinions</td>
<td>-.004</td>
<td>.040</td>
<td>-.005</td>
<td>-.089</td>
</tr>
<tr>
<td>Perception of growth through expatriation assignments</td>
<td>.035</td>
<td>.042</td>
<td>.050</td>
<td>0.831</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Mean of Job Satisfaction

Analysis
Linear regression analysis is used to test if Perception of equity significantly predicted Job Satisfaction. The results of the regression has indicated that Perception of equity affected 72.5% of the variance in Job Satisfaction (R^2=.725, f(15,721)= 29.990, p<.001). Table 1, p<0.001 indicates that, overall, the model applied is significantly good enough in predicting the extent to which Perception of equity affects Job Satisfaction. It is found from table 2. that Salary vs. Skill (t(185)=3.378, p<0.01), Exploitation (t(185)=5.303, p<0.01); significantly predicted Job Satisfaction. The null hypothesis is rejected and the alternate hypothesis is supported: Perception of equity significantly effects job satisfaction of contractual employees.

Interpretation
Three fourth of job satisfaction is predicted by the contractual employees’ perception of equity. This means that it is highly critical that the contractual employees perceive equity to ensure job satisfaction. If the contractual employees don’t perceive equity and feel that they are being exploited and that their salaries don’t match their skills, they will not feel job satisfaction.
Findings of the Study

1. The study shows that contractual employees feel that there is inequity in treatment in the workplace. The company policies have a huge bearing on equity perceived by the employees on contract.

2. According to the study, the perception of contractual employees affects the level of job satisfaction. Individuals perceiving equity feel more satisfied with their jobs than those that perceive inequity.

Suggestions

1. The company policies have a huge bearing on equity perceived by the employees on contract. The company policies should be modified to ensure individual, internal and external equity of pay.

2. Managers should ensure that the contractual employees don’t feel exploited. The contractual employees must be given a fixed set of Key Responsibility Areas and their work must match their KRA to ensure that the contractual employees don’t feel exploited.

3. Contractual employees should be given a designation. Terming them “Contractual” or “Contingent” reduces the Organization Citizenship Behaviour of the contractual employees.

4. The contractual employees’ opinions should be valued. They should be involved in decision making by the company.

5. The benefits given to permanent employees should be extended to the contractual employees. Most companies refrain from including the employees on contract in festivities and team outings. This will ensure that the contractual employees feel a sense of belongingness to the organisation.

6. Contractual employees should be given access to various company facilities. Most companies provide access to facilities such as canteen, library etc to only employees. These facilities need to be provided to employees as well.

7. Orientation and training programs should be conducted for contractual employees as well. This will help them improve and up-skill themselves thus helping them become eligible for conversion of contractual employment to permanent employment if the company is open to it.

Conclusion

On doing an extensive Secondary Research and Literature Review about the correlation between the differential treatment of contractual resources and their performance and satisfaction level, it has been concluded that this research will be taken a step forward by conducting a primary research on the differential treatment of the contractual workers and the impact it has on their performance by taking a sample size of 150 contractual resources and 30 employees from the management.

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