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CONTINGENT AND NON-CONTINGENT WORKING IN LOCAL GOVERNMENT: CONTRASTING PSYCHOLOGICAL CONTRACTS

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ABSTRACT

Given that the contingent worker is likely to be a familiar presence in the public service workplace of the future, this paper explores the consequences of contingent work arrangements on the attitudes and behaviour of employees using the psychological contract as a framework for analysis. Drawing upon survey evidence from a sample of permanent, fixed term and temporary staff employed in a British local authority, our results suggest that contract status plays an important role in how individuals view the exchange relationship with their employer and how they respond to the inducements received from that relationship. Specifically, contingent employees are less committed to the organization and engage in organizational citizenship behaviour (OCB) to a lesser degree than their permanent counterparts. However, contrary to our hypothesis, the relationship between the inducements provided by the employer and OCB is stronger for contingent employees. Such findings have implications for the treatment of contingent and non-contingent employees in the public services.

INTRODUCTION

Reflecting broader trends in the pattern of employment both at home and abroad (BLS, 1995; International Confederation of Temporary Work Businesses, 1998; De Grip, Hoevenberg and Willems, 1997), public sector employers in Britain have increasingly been utilising contingent forms of working (Sly and Stillwell, 1997; Hegewisch, 1999). Given that the contingent worker is likely to be a familiar presence in the public service workplace of the future, it becomes important to explore the consequences of contingent working arrangements on the attitudes and behaviour of employees. Indeed, for public service organisations essentially providing services, such attitudes and behaviours are likely to be particularly significant in determining the quality of service provision, the extent to which user needs are fulfilled and whether 'corporate' objectives are met.

Contingent employment has been broadly defined by Polivka and Nardone (1989) as 'any job in which an individual does not have an explicit or implicit contract for long term employment and one in which the minimum hours can vary in a non-systematic manner' (p.11). This definition is echoed by that of Zeytinoglu and Norris (1995) who view contingent workers as those without an explicit or implicit understanding that employment will be ongoing even assuming satisfactory performance by the individual and the organisation. Therefore, a distinguishing feature of contingent employment is the absence of a continuous relationship with the employer (McLean Parks, Kidder & Gallagher, 1998). Permanent part-time employees are excluded from the categorisation of contingent employees, as their employment relationship is continuous despite working fewer hours per week than their full-time counterparts. More specifically, contingent

working is usually seen to embrace particular forms of working, which include casual, agency and fixed term contract employment.

Viewed in these terms, the incidence of contingent working in the public sector is noteworthy in a number of respects. First, the use of contingent working is increasing modestly but decisively. Labour Force Survey data suggest that between 1992 and 1996 the percentage of temporary employees in public administration, education and health rose from 8% to 10% (Sly and Stillwell, 1997). Moreover, Hegewisch (1999), reporting on a survey of almost 300 employers in local government, health and central government notes the 'increasing' use of temporary employment. Thus, between two-third and three-quarters of respondents, depending on sub-sector, suggest that the use of such employment will increase in the future although this might overstate the situation somewhat given a subsequent and recent shift from compulsory competitive tendering towards 'best value'.

Second, this form of working is particularly prevalent in public sector relative to the private sector. Certainly, the proportion of *workplaces* using some form of contingent employment is slightly higher in the private than the public sector (Culley, Woodland, O'Reilly and Dix, 1999:35). Indeed, with the exception of fixed term working, which is markedly more common in public (72%) than private (34%) sector workplaces, other forms of contingent working such as temporary employment and sub contracting are more likely to be present in the private sector. However, in terms of numbers and more especially the proportion of staff working on a contingent basis, the relative significance

of this form of employment becomes particularly apparent. In 1996, around 10% of the public sector workforce were in temporary employment compared with 6% in the private sector (Sly and Stillwell, 1997:352). There are over 650,000 temporary employees in the public services, the next largest industrial concentration being found in distribution, hotels and restaurant with just under 300,000 (Labour Market Trends, 2001). In fact, well over a third (38%) of temporary employees are to be found in public services, by far the largest single industrial concentration (Sly and Stillwell, 1997: 352). Finally, certain forms of such working appear to be largely a public sector phenomenon. Over half (53%) of fixed term contract employees are employed in public administration, education and health. The next largest industrial concentration is found in banking and finance, which provides 12% of such of employees.

Of course, given the diverse nature of the activities carried out by employees in the public sector, some variation in the incidence of contingent employment between different sub sectors might be expected. This is indeed the case with this form of employment being particularly evident in parts of local government. Specifically, temporary employment is much more likely to be found in education, one of the major local government services, than in public administration or health. Around 16% of employees in education are temporary employees compared to only 7% in health and 6% in public administration (Sly and Stillwell, 1997).

The increasing presence of contingent working in the British public sector raises a number of crucial issues for policymakers, practitioners and academics. These touch in

part on how and why this form of working has been utilised to further organizational goals. Such concerns informed early debates on labour utilisation strategies in the private sector as reflected in work on the 'flexible firm' model (Atkinson, 1984). This work tended to associate contingent working with peripheral or non-core employees; that is, those less central to the organisation central activity. However, more recent research has stressed that such working might also be used in relation to core workers as means of making short term adjustments to fluctuating product or service demands (Cully et al, 1999:38). In this respect, it is interesting to speculate on the use of different forms of contingent working across the range of local authority services and the various types of employee. Thus, there are grounds for suggesting that such working might be applied to both non-core workers in areas such as office cleaning and catering as well as in core areas such as educational provision, albeit for very different reasons.

More profoundly perhaps, the extensive and increasing use of contingent working raises issues relating to the attitudes and behaviour of the staff employed on this basis. Indeed, given that public service organisations are essentially providers of service through the activities of their staff, the attitudes and behaviour of contingent employees are likely to have a particularly direct and immediate impact on the character and quality of organisational activities. Our work focuses on this concern with employee attitudes and behaviour. More specifically, two key questions arise providing the focus for the research undertaken as the basis for this article: first, do contingent employees have less positive attitudes and behaviour than their permanent counterparts? Second, does contract status (contingent/permanent) moderate the relationship between attitudes and organizational

citizenship behaviour? We develop hypotheses to address these research questions and empirically test them using a diverse sample of contingent and permanent public sector employees. Subsequently, we discuss the implications for the management of contingent public sector employees.

Permanency represents a fundamental demarcation between the traditional and contingent worker (Polivka and Nardone, 1989; Zeytinoglu and Norris, 1995), which, in turn, might be viewed as having significant consequences for how these different types of worker come to view the employment relationship. Organizational researchers have seen employment as the trade of effort and loyalty in return for benefits such as job security, pay, fringe and socio-emotional benefits. Social exchange theory provides a conceptual basis for understanding the employee-employer relationship and asserts that as a result of different inducements from the organization, contingent employees are less likely to have positive relationships with their employer compared to permanent employees (Rousseau, 1997). For example, contingent employees cannot expect long-term job security, may have reduced opportunities for training and career development than their permanent counterparts. Falling within the domain of social exchange is the psychological contract, which is receiving increased research attention as a framework for understanding the employment relationship at the individual level.

THE PSYCHOLOGICAL CONTRACT

Although there has been a resurgence of interest in the psychological contract, it is by no means a new concept. The renewed interest in the construct was no doubt stimulated by the seminal work of Rousseau (1989); its historical roots can be traced to Bernard's

(1938) work on “co-operative systems”. Underlying Bernard’s (1938) view of co-operative systems is the theory of equilibrium that adopts an exchange perspective in describing organizational conditions necessary for employee contributions. This exchange perspective is echoed in the work of March and Simon (1958), Argyris (1960) and Schein (1965) (for a review of the historical development of the construct, see Roehling, 1996). The conceptual development of the psychological contract culminates with the work of Rousseau (1989) who defines the psychological contract as ‘an individual’s beliefs regarding the terms of conditions of a reciprocal exchange agreement between the focal person and another party’ (Rousseau 1989: 23). In other words, employees' beliefs regarding the mutual obligations that exist in the context of the employee-employer exchange.

Psychological contracts are based on perceived promises; that is, a communication of future intent (Rousseau, 1989). Two factors are highlighted as critical to the formation of psychological contracts: external messages from the organization and personal interpretations and dispositions (Rousseau, 1995). It is the creation, change or violation of psychological contracts that have a powerful effect on individual attitudes and behaviour. The underlying explanatory mechanism is the norm of reciprocity (Gouldner, 1960) whereby employees reciprocate employer treatment. Employees who perceive that their employer has failed to fulfil its obligations are likely to reciprocate by withdrawing (to varying degrees and in a variety of forms) their contributions to the exchange relationship.

Prior research has demonstrated that perceptions of contract breach are relatively common. Robinson and Rousseau (1994) found that 55 per cent of their sample of MBA graduates perceived that their organizations had failed to fulfil one or more promised obligations. Turnley and Feldman (2000) found 81 per cent of respondents reported receiving less than they were promised on at least one of the promises made in a diverse sample of managers that included state agency managers. Coyle-Shapiro and Kessler (2000) reported that 78-89 percent of UK public sector employees experienced contract breach to varying degrees. A more optimistic picture of the psychological contract of public sector employees is presented by Guest and Conway (2000). Based on a sample of NHS, central and local government employees, the authors find that 65% of employees believe that promises relating to job security have been fully kept with the remaining 35% having experienced unfulfilled promises to some degree. They do, however, highlight important variations in the state in the psychological contract between different sub-sectors. Thus employees in the civil service are more likely to claim that promises have not been met than those in local government and the health service.

As to whether contract breach matters, there is empirical evidence across diverse samples that contract breach is associated with reduced job satisfaction (Robinson and Rousseau, 1994), reduced organizational trust (Robinson, 1996), reduced organizational commitment (Coyle-Shapiro and Kessler, 2000; Liao-Troth, 1999), reduced willingness to engage in organizational citizenship behaviour (Coyle-Shapiro and Kessler, 2000; Robinson and Morrison, 1995; Turnley and Feldman, 1999) and decreased in-role performance (Robinson, 1996). Overall, the emerging conclusion from this evidence is

that psychological contract breach has a significant effect on employee attitudes and behaviour.

Psychological contracts of contingent employees

Van Dyne and Ang (1998) argue that contract status is a major factor in determining the exchange relationship, as it is likely to influence how employees perceive employer obligations in terms of job security, access to training and opportunities for career development. For permanent employees, the content of the psychological contract would include a broader array of obligations compared to contingent employees who should by the very nature of their contract status perceive fewer and a narrower range of employer obligations. For example, contingent employees would be less likely to believe that his/her employer is obligated to provide job security, opportunities for career development and skill development than their permanent counterparts. Extending this to employer inducements, we would expect contingent employees to be the recipients of fewer organizational inducements than their traditional counterparts (Van Dyne and Ang, 1998). We examine this with the following hypotheses:

Hypothesis 1a. Contingent employees will hold fewer employer obligations than permanent employees.

Hypothesis 1b. Contingent employees will be the recipients of fewer employer inducements than permanent employees.

Attitudes of contingent employees

As a consequence of less positive exchange relationships, contingent employees are likely to hold less favourable attitudes toward their employer. Eisenberger and

colleagues (1986) developed the concept of perceived organizational support to capture an organization's commitment to employees. The notion of perceived organizational support argues that "*employees develop global beliefs concerning the extent to which the organization values their contribution and cares about their well-being*" (Eisenberger, Huntington, Hutchison and Sowa, 1986 p.501). Shore and Shore (1995) suggests that discretionary practices that imply an investment by the organization in an employee are likely to enhance an employee's evaluative judgement of the organization's commitment to them. Wayne, Shore and Liden (1997) found empirical support for the positive relationship between developmental experiences and perceived organizational support. In other words, employees who had received greater formal, informal training and promotion than others reported higher levels of perceived organizational support. Allen, Shore and Griffeth (2000) indicate that human resource practices such as promotion opportunities and job security would also lead to the development of perceived organizational support. Therefore, the emerging evidence suggests that supportive human resource practices are important antecedents to employee perceptions of the organization's commitment to them as individuals. As contingent employees are less likely to be recipients of supportive HR practices, they are less likely to perceive themselves are being valued by the organization. Consequently, we hypothesize:

Hypothesis 2. Contingent employees will report lower perceived organizational support than permanent employees.

Organizational commitment describes an individual's identification, involvement and loyalty to the employing organization¹. Empirical research investigating the antecedents

¹ Although numerous definitions of organizational commitment have been advanced in the literature, the distinction amongst these definitions lies in whether organizational commitment is conceptualized as an

of organizational commitment suggest that training, promotion and perceived organizational support are likely to enhance the development of organizational commitment (Gaertner and Nollan, 1989; Settoon, Bennett and Liden, 1996; Tannenbaum, Mathieu, Salas, Cannon-Bowers, 1991). By definition, contingent employees have no reason to expect a long-term relationship with the organization but rather experience an uncertain relationship that brings with it fewer organizational inducements. The following hypothesis examines this:

Hypothesis 3. Contingent employees will report lower organizational commitment than permanent employees.

Organizational Citizenship Behaviour of contingent employees

Organizational Citizenship Behaviour (OCB) has been defined as “*behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in aggregate promotes the effective functioning of the organization...the behavior is not an enforceable requirement of the role or the job description...the behavior is a matter of personal choice*” (Organ, 1988, p.4). The definition implies that the behaviour is voluntary, not prescribed as part of an individual’s job responsibilities, is largely unconstrained by organizational systems, has positive consequences and the organization is the beneficiary of such behaviours. The implications of citizenship type behavior for effective organizational functioning was recognized long before the term OCB was introduced (Barnard, 1938; Katz and Kahn, 1978). Since then, a number of studies have

attitude or behavioural investment (Mowday, Porter and Steers, 1982). Mathieu and Zajac (1990) conclude that attitudinal commitment and calculative commitment represent separate constructs. We adopt an attitudinal definition of commitment as the predictive validities of attitudinal commitment seem to be higher than those for calculative commitment (Mathieu and Zajac, 1990; Meyer and Allen, 1997)

examined and confirmed the link between OCB and organizational effectiveness (Podsakoff, Ahearne and MacKenzie, 1997; Podsakoff and MacKenzie, 1992).

The determination of the motivational basis of OCB has occupied a substantial amount of research attention. One of the dominant frameworks used to examine OCB is grounded in social exchange in which OCB is viewed as a form of behavioural reciprocation. Although different attitudinal variables have been used in different studies, a general underlying explanatory mechanism exists based on the concept of social exchange (Blau, 1964) and the norm of reciprocity (Gouldner, 1960). In other words, positive beneficial actions directed at employees by the organization create an impetus for employees to reciprocate in positive ways through their attitudes and/or behaviours. When employees feel they have been well treated by the organization, they are likely to reciprocate by engaging in OCB (Coyle-Shapiro, Kessler and Purcell, 1999). Contingent workers are likely to view the inducements they receive as manifesting under-investment or calculated involvement by the organization. This type of employer involvement is likely to be reciprocated by a calculated involvement from contingent employees where they withdraw discretionary work behaviours and focus on fulfilling required duties and no more. As these behaviours are discretionary, contingent employees can withdraw them without negative consequences since these behaviours fall outside formally defined job responsibilities.

Hypothesis 4. Contingent employees will engage less in organizational citizenship behavior than permanent employees

Contract status as a moderator

In the preceding section, we discussed differences in the psychological contract, perceived organizational support, organizational commitment and organizational citizenship behaviour between contingent and non-contingent employees. We now propose that contract status moderates the relationship between attitudes and organizational citizenship behaviour. First, we discuss the linkages between the attitudes and organizational citizenship behaviour. Subsequently, we discuss the moderating role of contract breach.

Perceived organizational support has been positively linked to various forms of organizational citizenship behavior (Eisenberger, Fasolo and Davis-LaMastro 1990; Shore and Wayne, 1993; Wayne, Shore and Liden, 1997). Eisenberger, Fasolo and Davis-LaMastro (1990) adopting a social exchange framework argue that high levels of perceived organizational support creates an obligation to repay by engaging in behaviours that support the organization. A number of studies also find empirical support for the link between organizational commitment and OCB (Meyer, Allen and Smith, 1993; Moorman, Niehoff and Organ, 1993; Organ and Ryan, 1995; Pond, Nacoste, Mohr and Rodriguez, 1997). The argument presented is that employees who feel emotionally attached to the organization will have a greater motivation or desire to make a meaningful contribution to the organization (Meyer and Allen, 1997). Turning to the psychological contract, empirical evidence supports a positive relationship between contract fulfilment and organizational citizenship behaviour (Coyle-Shapiro & Kessler, 2000; Robinson & Morrison, 1995), perceived employer obligations and helping behaviour (Van Dyne and

Ang, 1998) and contract violation and organizational citizenship behaviour (Turnley and Feldman, 1999; 2000).

The preceding discussion provides empirical support for expecting a positive relationship between perceived organizational support, organizational commitment, psychological contract and organizational citizenship behaviour. We hypothesize that contract status will moderate the relationship between attitudes and organizational citizenship behaviour. In other words, the relationship between attitudes and behaviour of permanent employees will be stronger than that of contingent employees. As contingent employees cannot expect a long-term relationship with the employer, we would expect the relationship between attitudes and behaviour (e.g. OCB) to be weak. Contingent employees are likely to be less psychologically involved in the organization, which may reduce the salience of attitudes toward the organization, that in, turn may weaken the link between attitudes and behaviour.

Hypothesis 5. The relationship between perceived organizational support, organizational commitment, employer obligations, employer inducements and organizational citizenship behaviour will be moderated by contract status such that the relationship will be stronger for permanent employees than for contingent employees.

RESEARCH METHODOLOGY

The research was carried out in a local authority in the South East of Britain. More specifically, the authority was a shire county and therefore responsible for the provision of the full range local government services including education, social service, highways' maintenance, home care for the elderly and fire fighting. This provided an opportunity to

explore the psychological contract across the full range of occupational groups in local government and ensured that contingent workers concentrated in key services such as education and social services were covered in the research.

Following a period of political and financial stability and indeed relative economic well-being throughout the 1980s, the authority was subject to a range of difficulties in the succeeding decade. These included a period of political uncertainty as the ruling Conservative party on the council lost overall control, an economic crisis with a looming financial deficit and a pressing need to respond to performance measures imposed by central government. The authority's response to these combined pressures saw a fairly radical change in the general structure and operation of the council. A small number of integrated service-providing departments regulated by established administrative procedures were broken up into myriad of almost 900 quasi-autonomous business unit driven by internal market mechanisms.

As an employer, the authority prided itself on adopting 'good practice' not least in response to local labour market realities. In the case of white collar workers, for example, the need to recruit and retain staff in an area where the cost of living and certainly housing were relatively high, had encouraged the introduction of car leasing and flexible benefits schemes. Indeed, the need to address such labour market pressures had led to the authority to opt out of national bargaining for its white-collar staff and to introduce a performance related pay schemes. Such opting out remains relatively rare in local

government although in line with one of the case studies used in a similar study of employee perceptions of employment in local government (Heery, 1998).

A questionnaire was administered to all of the authority's employees in early 1999. Of the 23,000 questionnaires, approximately 6,953 responded. The employee respondent sample was 79% female, 47.5% trade union members, average age was 43.6 years and average organizational tenure was 9.3 years. Of the 604 employees employed on a fixed term or temporary contract, 91% were female, 7.8% 25 years or under, 15.6% 26-35, 57.4% 36-50 and 18.8% 50 or over. The overall respondent sample was found to be representative of the total employee group under investigation along a number of key demographic characteristics. A breakdown of contract status by occupation is presented in Table 1. Using the definition provided by Zeytinglu and Norris (1995), we classify employees on fixed term and temporary contracts as contingent and treat part-time permanent employees as permanent. Fire-fighters and engineers were excluded from the subsequent analysis as a consequence of the limited number employed on a contingent basis in comparison to permanent status.

INSERT TABLE 1 ABOUT HERE

It is noteworthy that the most significant concentration of contingent workers was found amongst teachers, a likely reflection of supply teaching. However, contingent work was also to found amongst other skilled white-collar employees albeit on a lesser scale. Thus, a considerable number of social workers and 'other professionals' are included in the

sample of contingent workers. The significant incidence of contingent working amongst the 'other' group is also worth noting. This category of contingent employees may well include those working in services provided by an in house workforce but subject to compulsory competitive tendering and therefore working on the basis of a fixed term service contract. These employees tended to be employed in the authority's Commercial Services Department. While mainly involved as unskilled or semi-skilled employees in cleaning and catering, they are no longer covered by the national agreement for manual workers. This may have led them to classify themselves as 'other' rather than 'manual/craft' employees.

Measures

The scale items of all the measures are presented in Appendix 1. The scales were constructed by taking the mean overall score of the summation of the individual items. The psychological contract was measured by capturing its two components: perceived employer obligations and inducements. Arnold (1996) raises a methodological issue regarding combining the two components of the psychological contract to arrive at an overall measure of contract breach or fulfilment. In doing so, researchers will be vulnerable to the criticism that only one of the elements is important to explaining the outcomes. To avoid this, we separate the psychological contract components and thus are able to examine the relative effects of perceived employer obligations and inducements.

Perceived employer obligations. Employees were asked to indicate the extent to which they believed their employer was obligated to provide a range of items. Participants were

provided with a 5 point Likert scale ranging from ‘not at all’ to ‘a very great extent’ (in addition to a ‘not sure’ category) along with a list of fourteen employer obligations taken from Rousseau (1990) and extended to include additional obligations. These obligations include, for example, long term job security, good career prospects, support with personal problems and fair pay in comparison to employees doing similar work in other organizations.

Perceived employer inducements. Employees were subsequently asked to indicate the extent to which they felt their employer provided the same range of items.

Perceived organizational support. Organizational support was measured using 7 items taken from a 36-item scale developed by Eisenberger, Huntington, Hutchison and Sowa (1986). The measure assesses how employees judge or evaluate the support of the organization and the discretionary actions the organization might take in situations that would harm or benefit the employee. The former is captured by, for example, ‘the organization values my contribution to its well-being’ while the latter is assessed by ‘even if I did the best job possible, the organization would fail to notice’ and ‘the organization is willing to help me when I need a special favour’.

Organizational commitment. Organizational commitment was measured with eight items taken from a scale developed by Cook and Wall (1980) in addition to two items from Meyer and Allen’s (1984) scale. The negatively phrased questions from the Cook and Wall (1980) scale were omitted as previous analysis of the scale has shown the six item

positively worded items to be psychometrically superior (Peccei and Guest, 1993). A sample of the items include 'I am willing to put myself out for ___', 'I feel a strong sense of belonging to ___'. The alpha coefficient for this scale is .89. Other investigators report alpha coefficients ranging from .82 to .86 (Peccei and Guest 1993; Peccei and Rosenthal, 1997).

Organizational citizenship behaviour. Citizenship behaviour was measured with seven items assessing behavior directed at the organization adapted from Podsakoff, MacKenzie, Moorman and Fetter (1990) and Van Dyne, Graham and Dienesch (1994). These items include, for example, 'I participate in activities that are not required but that help the image of my organization' and 'I keep up with developments that are happening in my organization'.

Contract status. Respondents were asked to indicate their contract status (permanent, fixed term, or temporary).

Analysis

Hierarchical regression analysis was used to test the hypotheses. In order to examine whether contract status moderates the relationship between attitudes and behaviour (hypothesis 5), we first need to examine the effect of contract status on employee attitudes and behaviour (hypothesis 1-4). To do this, we regressed organizational citizenship behaviour, organizational commitment, perceived organizational support, employer obligations and employer inducements separately on a number of control

variables (gender, age, organizational tenure and job tenure). To examine the effect of contract status, we entered this variable in step 2 of the equation. To examine hypothesis 5, we entered the demographic variables in step 2. Subsequently, we entered each of the predictors of OCB (perceived organizational support, employer obligations, employer inducements and organizational commitment) with their interaction term in each of the following four steps. The interaction terms are likely to correlate with the variables from which they were created. In order to reduce the multicollinearity associated with the use of interaction terms, the independent variables were centred around zero before creating the interaction terms (Aiken & West, 1991). This method allows us to examine the unique contribution of each of the predictors and their interaction term to explaining variance in OCB.

RESULTS

Table 2 presents the means, standard deviations, intercorrelations and reliabilities of the scales. All the scales demonstrated good alpha coefficients judged at .7 or higher (Hair, Anderson, Tatham and Black, 1992). The standard deviations of the main study variables ranged from .6 to 1.41 suggest that none of the measures are marked by excessive restriction in range. The largest correlation among the variables is .57 suggesting that multicollinearity was not a serious problem in this study (Kennedy, 1980; Tsui, Ashford, St. Clair and Xin, 1995). One-way analysis of variance was conducted to assess whether significant differences exist across contract status (Appendix 2). The results suggest that employees on fixed term and temporary contracts do not differ significantly and hence,

the two categories were combined into an overall category of contingent employees for the subsequent analysis.

INSERT TABLE 2 ABOUT HERE

The results of hypotheses 1-4 are presented in Table 3. Prior to discussing the results of the hypotheses, we turn to the effects of the demographic variables. Women are more likely than men to see the organization as supportive and to have a more positive view of employer inducements. Older employees report greater commitment to the organization and at the same time hold lower employer obligations and report receiving fewer inducements from the employer. Organizational tenure is positively associated with organizational citizenship behaviour, perceived employer obligations and inducements while a negative relationship with perceived organizational support is found. The only effect for job tenure is its negative effect on organizational commitment.

INSERT TABLE 3 ABOUT HERE

Our results suggest that contingent employees have a less favourable view of the exchange relationship and with the exception of perceived organizational support, they are less inclined to hold positive attitudes toward the organization and less likely to engage in organizationally supportive behaviours. Hypothesis 1a and 1b predicted that contingent employees would report fewer employer obligations and inducements than permanent employees. As Table 3 shows, after controlling for gender, age,

organizational and job tenure, contract status was significant in predicting perceived employer obligations ($\beta=.11$, $p<.01$) and inducements ($\beta=.15$, $p<.01$). Support is also found for hypothesis 3 and 4 where contingent employees report lower commitment to the organization ($\beta=.08$, $p<.01$) and exhibit less organizational citizenship behaviour than permanent employees ($\beta=.06$, $p<.01$). However, contrary to our hypothesis 2, contingent employees are more likely to hold higher perceptions of organizational support ($\beta=-.06$, $p<.01$) than permanent employees.

INSERT TABLE 4 ABOUT HERE

Temporary employees are more likely to engage in organizational citizenship behaviour contingent upon perceived employer inducements than their permanent counterparts. Hypothesis 5 predicted that contract status would moderate the effects of attitudes on organizational citizenship behaviour. We hypothesized that the relationship between employee attitudes and organizational citizenship behaviour would be stronger for permanent employees compared to contingent employees. Table 4 presents the results². When all the independent and interaction terms are entered into the equation, contract status is found to moderate the effects of perceived organizational support ($\beta= -.11$, $p<.01$) and employer inducements ($\beta= -.13$, $p<.01$) on organizational citizenship behaviour. However, the direction of the interaction is opposite to our prediction (shown in Figure 1) whereby the relationship between perceived organizational support and OCB, and employer inducements and OCB is stronger for contingent employees

compared to permanent employees. Overall, the amount of variance explained by the variables in the overall model is 21 per cent.

INSERT FIGURE 1 ABOUT HERE

DISCUSSION

The findings from this research suggest that contract status plays an important role in how individuals view the exchange relationship and how they respond to the inducements they receive from that relationship. Such findings have important analytical and theoretical implications and at the same time may well have significant consequences for the way in which the different types of public service employees are managed and possibly for how public service organisations are seen to perform.

Our findings are consistent with the predictions of psychological contract theory whereby contingent employees are more likely to view their relationship with their employer in more narrow terms and receive fewer organizational inducements from that relationship. Not surprising, contingent employees reciprocate this under investment by the employer by being less committed to the organization and less likely to engage in organizational citizenship behaviour. However, at the same time, contingent employees are more likely to view their employer as fulfilling socio-emotional needs than their permanent counterparts. A potential explanation for this contrary finding may have to do with the amount of time contingent employees spend in the organization. As a consequence of

² The regression analysis was conducted excluding the 'other' category of employees. The results are broadly similar indicating that this group of is not skewing the results.

shorter organizational tenure, contingent employees may have less knowledge about how the organization functions and have greater tolerance for organizational policies than permanent employees. This explanation has received some support in explaining differences across part-time/full-time status (Eberhardt and Shani, 1984; Miller and Terborg, 1979). The same may apply to contingent employees who may not spend less time in the social system on a weekly basis but the overall expected length of time included in the social system is capped as a consequence of their contingent status.

An unexpected finding of this study is the stronger relationship between perceived organizational support, employer inducements and organizational citizenship behaviour for contingent employees. In other words, contingent employees respond in a stronger manner to the overall benefits they receive from their employer. As contingent employees have no reason to expect a long-term relationship with the employer, they are more likely to give greater saliency to inducements received rather than potential inducements that may materialise at some future point in the relationship. In this respect, contingent employees may be adopting a contingent view of the exchange relationship whereby their contributions in terms of citizenship behaviour is contingent upon what they receive from their employer. In the absence of anticipated future benefits, the motivational basis of OCB for contingent employees appears to be the tangible and intangible benefits they actually receive from their employer.

In contrast to the contingent nature of organizational citizenship behaviour for temporary employees, permanent employees seem to engage in citizenship behavior independent of

their perception of employer inducements. A number of explanations may exist for this finding. First, permanent employees may engage in acts of citizenship behaviour as a result of their concern for the welfare of the organization rather than reciprocating the employer based on the treatment they receive. Second, permanent employees may be less likely to view OCB as discretionary and hence feel they cannot withdraw OCB contingent upon how they feel the organization is treating them.

A number of powerful messages emerge from these findings on the nature of employment in public services and on the management of contingent and non-contingent employees in the sector. These tend to complement those emanating from the work of Guest and Conway (2000) which tended to concentrate less on variations in the state of psychological contract between contingent and non contingent public servants and more on variation between employees in different parts of the public sector. The reasons proposed for discretionary behaviour amongst permanent employees independent of inducements, highlight the ongoing importance of two traditional features of employment in the public services, namely a professional ethic and a public service ethic. Both sets of ethics have arguably been under increasing pressures over recent years with greater emphasis given to managerialism and the pursuit of efficiency driven goals. However, if public service organizations are to rely on the discretionary behavior of their permanent staff independent of inducements, professional and public service ethics would appear to be crucial and perhaps worth protecting and nurturing

It might be argued that policymakers have for too long relied on the professional values of staff and their commitment to the public services as a justification for the relatively low pay levels and increases over a number of years. Although there has been some unevenness in the treatment of different groups of public servants in pay terms, the traditional features of pay determination have progressively been undermined throughout eighties and nineties. Thus comparability criteria, fostering a degree of perceived fairness amongst public servants, have been replaced by affordability while financial constraints have placed downward pressure on annual pay increases (Winchester and Bach, 1995). For the majority of public servants, pay rates and movements have tended to lag behind those in the private sector albeit 'catching-up' periodically following industrial action and inquiries (Elliot and Duffus, 1996; White, 2000). The recent difficulties faced in recruiting and retaining key occupational groups such as nurses and teachers are a partial testament to these pay pressures. Indeed the introduction of performance pay for both sets of employees in the last few years is indicative of the perceived need on the part of policy makers to strengthen material rewards as a means of attracting and retaining the necessary staff.

Equally noteworthy is the finding, echoing previous studies (Millward and Brewerton, 1999; Pearce, 1993; Van Dyne and Ang, 1998), which suggests that contingent employees are not necessarily emotionally detached from their temporary workplace. However, this finding rests on the observation that contingent employees need to be treated well in terms of inducements if they are to go beyond the call of duty and engage in OCB. Such results inevitably beg questions about the ability and willingness of public

service employers to offer contingent employees inducements. To the extent that contingent employment may be linked to outsourcing and agency working which by definition involves a transfer of responsibility for staff to a contracting organization, direct control of employee inducements may well be lost. Certainly, we know that terms and conditions for staff subject to competitive tendering in local government tend to deteriorate (Escott and Whitfield, 1995). We are also aware that staff welfare is rarely a central managerial concern in drawing up contract specifications or in determining the choice of contractor (Kessler, Coyle-Shapiro and Purcell, 1999).

Where authorities retain control of inducements, our findings suggest that public service organizations may well need to use these in a considered way if they are to elicit 'desired' behaviours from their contingent workers. A more considered approach might focus on the types of workers offered inducements as well as the types of inducements offered. It may well be that inducements become more crucial and meaningful in relation to certain occupations, say teachers in certain subjects, who are in high demand and have alternative job opportunities. Conversely, this may not be as applicable to contingent manual employees who may have entered the contingent employment relationship by force rather than choice. As for type of inducements, it may well be the case that in the context of increasing job insecurity, public servants may be looking for rewards based on a more transactional or instrumental relationship with the employing organization. For example, increasing attention has been given to the notion of employability where organizations provide staff with skills and attributes which might make them more marketable when employment with the organisation ceases (Rajan, 1997).

In the absence of evidence, the extent to which authorities use inducements in this way must currently be left open. There are, however, grounds for suggesting that their use may well be limited with potentially significant implications for organizational performance. National agreements still regulate the terms and conditions of a considerable proportion of employees in local government and the health service. While certainly in both sub sectors greater scope has recently been provided for organizations to apply these agreements flexibly to meet their own needs, they continue to prescribe rates of pay, hours and holidays entitlements. Covering contingent and non-contingent staff alike, the ability to offer selective inducements in these areas may therefore be constrained.

Even if such opportunities were available, however, it is interesting to speculate whether they would be offered to contingent workers. Much would depend on the reasons for employing contingent workers and the kind of work they were undertaking. Such employees are often employed in an ad hoc opportunistic way to address a particular staff shortage or to undertake a specific, time-bound project. In such circumstances, cost considerations and a simple ability to release such staff when the need for them disappears remain prime managerial concerns with selective inducements unlikely to be considered. Where contingent employees are undertaking routine, mechanistic, perhaps administrative tasks such inducements may well be unnecessary. However, in the public services where contingent employees are often employed as frontline staff, interacting directly with users, lack of commitment and engagement by such employees could affect

the quality of the service delivered. Our findings suggest that such inducements may well be crucial to the delivery of a quality service where contingent employees are used.

In interpreting the findings of this study, a number of limitations must be considered. First, care is needed in applying these findings to other parts of the public services. As noted out the outset contingent working is more apparent in local government and particularly education than in public administration and health. At the same while contingent employment in the public services might be less prevalent outside of local government, where such workers are to be found in the other sub sectors our findings hopefully retain their significance. Second, all the variables were measured with self-report survey measures. Consequently, the observed relationships may have been artificially inflated as a result of respondents' tendencies to reply in a consistent manner. The potential for common-method bias could be minimized, to some extent with the use of longitudinal data. However, as Spector (1987) points out, concerns about common method bias have not been empirically substantiated. Third, our data ignore the potential effect of individual preference to work on a contingent basis and how this may affect the individuals' attitudes and behaviour. Fourth, although the amount of variance explained by the demographic variables is small, it is comparable to that found in other studies (Shah, 1998). Finally our findings suggest important relationships between employment status, the psychological contract and attitudinal and behavioural outcomes. We have suggested some possible reasons for these relationships associated with differences in the nature of the link between contingent and non contingent employees and their employing organization. More detailed, qualitative research work, focusing on the experiences of

different types of workers is clearly needed to confirm and provide a fuller explanation of the relationships distinguished.

CONCLUSION

The increasing use of contingent employees presents public service organizations with important challenges for the future. Contingent workers may well be a cost efficient means of addressing short-term staffing needs as well as dealing with discrete and well-defined time-bound projects. However, in service driven organizations involving direct contact with service users, the attitudes and behaviours of such workers are likely to be crucial to organizational performance and the quality of service provision.

Our research provides a strong and clear message. Contingent employees are likely to display less positive attitudes and behaviours than permanent staff. However, if organizations provide these contingent employees with the necessary inducements they will still respond in organizationally supportive ways. Whether public service employers are able or willing to provide such inducements at best might be viewed as problematic. Contingent employees working in a public service organization may nonetheless be employed by a contracting organization. Employee issues or concerns have to date had a limited influence on the award of contract or their monitoring and evaluation. Even if employed in-house, the ongoing influence of national agreements in regulating employee terms and conditions may well stifle the scope for selective inducements. In the final analysis, any response to these findings may require a fundamentally new 'mind set' in terms of how contingent employees are viewed in service-driven organizations. Rather

than being seen a cost efficient response to short term needs and treated accordingly, contingent employees may well need to be treated in a much more supportive way if they are to give their 'best'.

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Table 1. Sample composition

Occupation	Non-Contingent	Fixed Term	Temporary
Teachers	1081	110	128
Firefighters ψ	137	3	1
Social workers	335	8	16
Engineers ψ	74	2	0
Other professional	493	19	20
Administrative/Clerical	921	21	31
Technician	88	2	4
Manual/Craft	194	9	14
Other	724	80	152
Total	4045	249	365

ψ Excluded in regression analysis

Table 2. Correlations of the main study variables for overall sample of employees

	Mean	S.D	1	2	3	4	5	6	7	8	9	10
1. Gender (0=M/1=F)	0.16	(0.37)										
2. Age	43.59	(9.90)	.03									
3. Organizational tenure	8.57	(7.20)	.08	.45								
4. Job tenure	5.79	(5.78)	.07	.35	.57							
5. Work status (0=C/1=P)	0.83	(0.37)	.08	.06	.15	.15						
6. Perceived organizational support	4.52	(1.41)	-.09	-.05	-.11	-.07	-.08	(.95)				
7. Organizational commitment	4.19	(1.11)	-.01	.09	.03	-.01	.07	.32	(.89)			
8. Employer obligations	4.06	(0.60)	.00	-.06	.07	.03	.11	-.08	-.05	(.87)		
9. Employer inducements	2.89	(0.65)	-.04	-.03	.04	.00	.15	.49	.37	.16	(.84)	
10. Organizational citizenship behaviour	4.60	(0.80)	.00	.02	.09	.07	.07	.19	.23	.23	.38	(.76)

Correlations $\geq .08$ are significant at the .01 level

C= Contingent employees

P= Permanent employees

Alpha coefficients are in parentheses

Table 3. Results of Hierarchical Regression Analysis for the effects of contract status

	Organizational citizenship behavior		Organizational commitment		Perceived organizational support		Employer obligations		Employer Inducements	
	<u>Step 1</u>	<u>Step 2</u>	<u>Step 1</u>	<u>Step 2</u>	<u>Step 1</u>	<u>Step 2</u>	<u>Step 1</u>	<u>Step 2</u>	<u>Step 1</u>	<u>Step 2</u>
Step 1										
Gender	-.01	-.01	-.01	-.01		-.08**	-.01	-.01	-.05**	-.06**
Age	-.04	-.03	.10**	.11**		.00	-.13**	-.12**	-.06**	-.05**
Organizational Tenure	.10**	.09**	.01	.00		-.10**	.14**	.13**	.09**	.07**
Job tenure	.02	.02	-.04*	-.05**		.01	-.02	-.03	-.02	-.04
Step 2										
Contract status (0= contingent 1= permanent)		.06**		.08**		-.06**		.11**		.15**
F	12.04**	12.64**	11.36**	13.82	20.74**	19.59**	20.51**	27.16**	8.44**	24.45**
Change in F	12.04**	14.86**	11.36**	23.43**	20.74**	14.69**	20.51**	52.77**	8.44**	87.79**
Change in R ²	.01	.00	.01	.01	.02	.01	.02	.01	.00	.02
Adjusted R ²	.01	.01	.01	.02	.02	.02	.02	.03	.00	.03

** p<.01

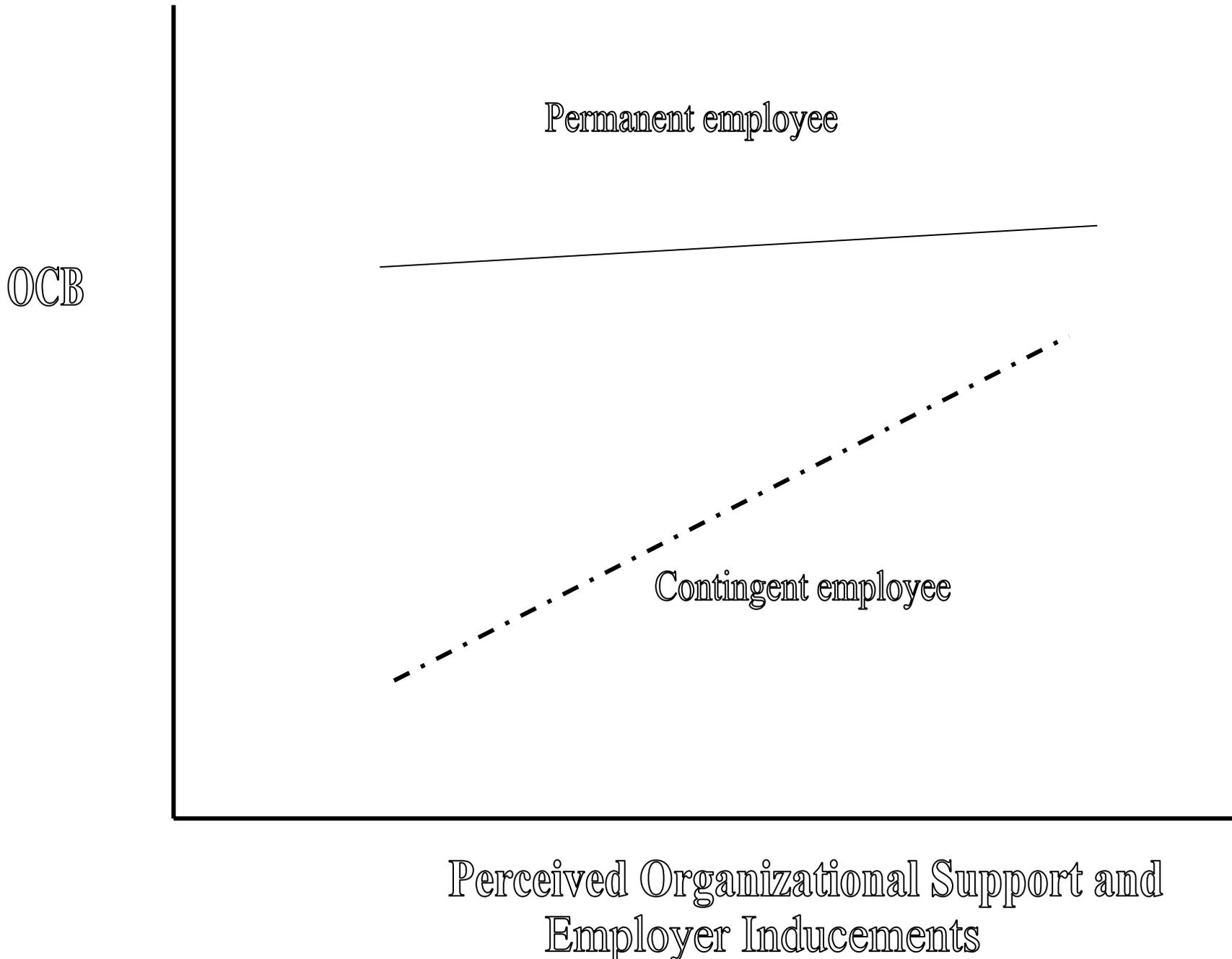
* p<.05

Table 4. Results of hierarchical regressions for interaction effects predicting Organizational Citizenship Behaviour

Organizational Citizenship Behavior					
Predictors	Model 1	Model 2	Model 3	Model 4	Model 5
Step 1					
Gender	-.01	.00	.01	.01	.01
Age	-.03	-.03	-.05*	-.02	-.01
Organizational Tenure	.09**	.12**	.11**	.08**	.06**
Job tenure	.02	.02	.03	.03	.04*
Contract status	.06**	.07**	.06**	.03*	.00
Step 2					
Perceived Org Support		.36**	.27**	.33**	.16**
Contract Status * POS		-.15**	-.13**	-.17**	-.11**
Step 3					
Organizational Commitment			.21**	.24**	.14**
Contract status * OC			-.03	-.05	-.02
Step 4					
Employer obligations				.36**	.24**
Contract status * EO				-.13**	-.05
Step 5					
Employer Inducements					.39**
Contract status * EI					-.13**
F	12.64**	40.60**	47.66**	70.29**	83.99**
Change in F	12.64**	108.83	66.46**	155.93	134.43
Change in R ²	.01	.05	.03	.06	.05
Adjusted R ²	.01	.06	.09	.15	.21

** p<.01* p<.05

Figure 1. Interaction Results



Appendix 1: Scale items

Perceived employer obligations (extent to which employer is obligated to provide)

1. Long-term job security
2. Good career prospects
3. Support with any personal problems
4. The opportunity to do interesting work
5. Up to date training and development
6. The freedom to do my job well
7. The opportunity to be involved in decisions that affect me
8. Pay increases to maintain my standard of living
9. Fair pay compared to staff doing similar work in other organizations
10. Policies and procedures that help me do my job well
11. The necessary training to do my job well
12. Support when I want to learn new skills
13. Fair pay for the responsibilities I have in my job
14. Fringe benefits that are fair compared to what staff doing similar work in other organizations get

Perceived employer inducements (extent to which employer provides)

1. Long-term job security
2. Good career prospects
3. Support with any personal problems
4. The opportunity to do interesting work
5. Up to date training and development
6. The freedom to do my job well
7. The opportunity to be involved in decisions that affect me
8. Pay increases to maintain my standard of living
9. Fair pay compared to staff doing similar work in other organizations
10. Policies and procedures that help me do my job well
11. The necessary training to do my job well
12. Support when I want to learn new skills
13. Fair pay for the responsibilities I have in my job
14. Fringe benefits that are fair compared to what staff doing similar work in other organizations get

Perceived Organizational Support

1. My employer cares about my general satisfaction at work
2. My employer is willing to help me out when I need a special favour
3. My employer values my contribution to its well being
4. My employer cares about my opinions
5. My employer cares about my well-being
6. My employer considers my goals and values

7. My employer shows very little concern for me ®

Organizational Commitment

1. I am quite proud to tell people I work for ____
2. I feel myself to be part of ____
3. I am willing to put myself out to help ____
4. I would recommend a close friend to join ____
5. I feel a strong sense of belonging to ____
6. In my work, I like to feel I am making some effort not just for myself but for ____ as well
7. To know that my own work had made a contribution to the good of ____ would please me
8. The offer of a bit more money with another employer would not seriously make me think of changing my job

Organizational Citizenship Behaviour

1. I make an effort to keep abreast of current developments in ____
2. I volunteer to do things that are not specifically part of my job but that help contribute to the organization's objectives
3. I keep up to date with developments that are happening in my organization
4. Part of my job is to think of better ways of doing my job
5. I participate in activities that are not required but that help the image of my organization
6. I frequently make suggestions to improve the work of my team/department
7. I always do more that is actually required

Appendix 2. Results of one-way analysis of variance

Scale	Permanent Employees	Fixed Term	Temporary	F-ratio	F-prob	Df
Perceived Organizational Support	4.48*	4.66	4.90	15.51	.00	4446
Organizational Commitment	4.24*	4.02	4.01	12.50	.00	4446
Employer Obligations	4.09*	3.90	3.86	30.45	.00	4446
Employer Inducements	2.93*	2.71	2.61	48.75	.00	4446
OCB	4.63*	4.49	4.43	10.77	.00	4446

* Scheffe tests $p < .05$