



An analysis of the relationship between motivation and performance for direct hire temporary employees

*To what extent do motivational factors lead to high performance for
direct hire temporary employees of the organization?*

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Management summary

Motivated employees become a strategic asset in the competitive advantages of organizations. To meet this competition various forms of employment have evolved. An increasing trend among employers is hiring employees on temporary contracts. The study of temporary employees has been an interesting topic for many scholars. Once such form of temporary employment is direct hire temporary employees. Unfortunately, research in this topic is scarce. Therefore, this paper will analyze the relationship between motivation and performance of direct hire temporary employees with the following problem statement:

“To what extent do motivational factors lead to high performance for direct hire temporary employees of the organization?”

The answers to this problem statement have been conducted by literature review. Firstly, the characteristics of temporary employees are explored. From there three types of direct hire temporary employees are examined. Secondly, literature that gives general theory of employees' motivation is investigated. Thirdly, due to the scarcity of literature on direct hire temporary employee motivation and performance, alternatively the intrinsic and extrinsic motivations are used to identify the motive or reason for choosing this type of employment. Finally, in the light of existing literature, HRM practices are proposed.

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Chapter 1: Introduction

Background

In this era of rapid development, people can be a vital source of a company's competitive advantage (Lawler, 2005). Steers, Mowday and Shapiro (2004) mentioned that a motivated employee becomes a critical strategic asset in such competition. In most organizations, the management views employee motivation as a fruitful technique to increase employee productivity (Mauri & Sambharya, 2003).

Arthur (1992) stated that to take advantage of organization flexibility while at the same time retaining or intensifying employees' performance, various forms of employment relationships have evolved. One such form is "non-standard" employment. Hereby, hiring employees on "temporary" or "fixed-term contracts" has been an increasing trend among employers (Zeytinoglu, 1999) and the use of temporary employees is increasingly becoming a permanent feature of the modern workplace (Koh & Yer, 2000). Therefore, it has been a gradual but accelerating growth of this type of employment in Canada, the United States, Europe, and many parts of Asia (Quinlan & Bohle, 2004).

From the academic point of view, there has been a tremendous amount of research on motivation, in terms of both theoretical and empirical attention. Similarly, the studies focus on performance. The relationship between employee motivation and work performance has been proven by researchers. However, literature studies of motivation and performance generally focus on work done by regular, full-time employees such as those in the organization's main activity (Osterman, 2000).

The same thing occurs in the studies of temporary employees. Although many studies have paid attention to temporary employees, it seems that they have focused more on temporary employees working for an employment agency (e.g., Koh & Yer, 2000). The academics do not make a clear distinction between "temporary" hired directly and "temporary" through intermediary staffing firms (Connelly & Gallagher, 2004; e.g., Ellingson, Gruys, & Sackett, 1998).

There also appears to be very limited attention to examining the work choice motivations of direct hire temporary employees. Thus, it seems that experience of this type of employment is an understudied research topic (Connelly & Gallagher, 2004). Based on the background of

this problem, therefore, this paper will explore the relationship between motivation and performance of direct hire temporary employees. The reason for choosing direct hire temporary employees is because this type of employment has a direct relationship between employer and employee in the same organization. Hence, a manager needs to design human resource policy that could boost motivation of this type of employment. This paper will investigate which types of human resource practices can be implemented for direct hire temporary employees.

The problem statement and research questions

The main problem statement will be the following: *To what extent do motivational factors lead to high performance for direct hire temporary employees of the organization?*

In order to solve this problem statement, four research questions have been established.

- What are the characteristics of temporary employees?
- What are the general factors that motivate employees?
- What is the relationship between motivation of direct hire temporary employees and performance?
- How can we design Human Resource practices that can enhance motivation of direct hire temporary employees towards high performance?

Demarcation and definitions

In this paper the following two variables will be analyzed: “motivation” as the independent variable and “high performance” as the dependent variable. The relation between these two variables has to be substantiated from the existing literature and in order to be investigated they need to be defined.

Cleveland and Murphy (1992) defined motivation as an establishment of goal oriented behavior. Osterloh and Frey (2000:540) stated that “employees must be motivated to perform in a coordinated and goal oriented way, therefore, managers must compare the benefits and costs related to motivate employees intrinsically and extrinsically”.

Performance management needs to be defined in order to obtain the definition of high performance. According to Dransfield (2000: 69) performance management is “a Human

Resource Management process concerned with getting the best performance from individuals in an organization, as well as getting the best performance from teams, and the organization as a whole”. Thus, implementing effective performance management will create high performance in the organization.

This research analyses the temporary employees’ motivation and performance. Thus, definition of temporary employees needs to be distinct. According to a study of Tan and Tan (2002), a temporary employee can be identified as a worker who is assigned by an employment agency to work on different assignments for different client companies. However, since this paper focuses on direct hire temporary employees, an alternative definition needs to be constructed. Another definition from Polivka and Nardone (1989:11) classified temporary employees as “individuals who do not have an explicit or implicit contract for long-term employment or have one in which the minimum hours of work can vary in nonsystematic way”.

Since this paper focuses on direct-hire temporary employees, therefore, this type of employment should be decomposed. In this research direct-hire temporary employees would be distinguished into three types; fixed term, zero-hour and seasonal contract. Detailed explanation of difference between these two types will be given further in chapter two.

Relevance

Managers see motivation as an essential part of the performance equation at all levels, while organizational researchers see it as a fundamental building block in the development of useful theories of effective management practice (Steers, Mowday, & Shapiro, 2004). Separating workforce into permanent and non-permanent employees is a useful strategy for human resource management (Kalleberg, 2001). The question is how managers could deal with this strategy to meet high performance. Therefore, the aim of this research will give some insight for managers on designing human resource practices that could boost motivation of direct-hire temporary employees and hence can increase organizational performance.

Furthermore, this research also intends to fill the gap regarding the issue of motivation for temporary employees, particularly for the direct-hire type. A theoretical framework will be provided, which later could be exploited for further empirical research.

Research design

The research questions will be answered through a literature study. Firstly, some studies will be explored to define the characteristics of temporary employees. From there, the direct hired type of temporary employees will be examined. Secondly, literature that tries to give a general theory of motivation will be investigated. Thirdly, several articles that explain the link between motivation and performance of temporary employees will be examined. Fourthly, in the light of these theories, Human Resource Management practice will be proposed. Finally, the conclusions and limitations of this research will be discussed and some recommendations for future research provided.

Data collection

As this research is a literature study, all the data search will be relying on secondary source (available literature). A literature review will be obtained through search engines in the data base of the Library of Tilburg University such as ISI Web of knowledge and Science Direct. Keywords used were “temporary employees”, “motivation” and “performance management”. The overall validity of this research is guaranteed by selecting a large portion of the papers from good quality journals in the field of Organizational Behavior. The advantage of using these two search engines is that the latest issues from several Organizational Behavior research journals can be easily obtained. On the other hand, the disadvantage is the difficulty in finding some specific terms or definitions, due to the fact that these search engines are less sensitive to word searching.

Alternatively Scholar Google will be used to cover both search engines, as it is more responsive to word searching.

Thesis Structure

The thesis structure will be the following: in the upcoming chapters, each research question will be discussed in separate chapters. Thus, the second chapter will define the characteristics of temporary employees and direct-hire temporary employees will be described. In the third chapter, general motivation will be broadly explained. The fourth chapter will discuss the link between motivation and performance of direct-hire temporary employees. The fifth chapter will recommend the manager how to design Human Resource practices with regard to direct-hire temporary employees. The final chapter will draw conclusions based on the theoretical

background sketched in the previous chapters, discuss the problem statement, specify the limitations of this research and propose further directions for research in the future.

Chapter 2: The characteristics of temporary employees

Organizations attempt to maximize their flexibility by using various forms of employment relationships, while maintaining or increasing employees' performance (Arthur, 1992). Many organizations utilize non-standard employment arrangements to deal with economic turmoil (Belous, 1989; Kalleberg, 2000). Standard employment arrangements are characterized by "work done on a fixed schedule, usually full-time, at the employer's place of business, under the employer's control, and with the mutual expectation of continued employment" (Kalleberg, Reskin, & Hudson, 2000: 258). According to them, all other arrangements, including temporary, contract, and part-time work, are non-standard. One such form of "non-standard" employment, which shows an increasing trend among employers, is the hiring of employees on "temporary" or "fixed-term contracts" (Zeytinoglu, 1999). Temporary employment has become an important topic research in work and employment relations (Kalleberg, 2000)

General definition of temporary employees

Many of the studies have different perceptions when defining of temporary employees. For example, temporary employees have been called as "flexible staffing employees" (Houseman, 2001), "contingent workers" (Blank, 1998), and "non-standard workers" (Kalleberg et al., 1997). A study by Feldman (1995) defines temporary employees as persons who are hired for a finite period on a needed basis. Polivka and Nardone (1989: 11) provided more understanding on defining temporary employees: they classified temporary employees as "individuals who do not have an explicit or implicit contract for long-term employment or have one in which the minimum hours of work can vary in non-systematic way".

In terms of work arrangements, temporary employees can be categorized into two groups. The first group includes external temporary employees such as employees hired through employment agencies and independent employment or freelance, and the second group includes internal temporary employees or direct-hire temporary employees.

External temporary employees

This type of employment is used to externalize administrative control and responsibility (Pfeffer & Baron, 1988). The organization takes cost benefits, such as lower recruitment and screening costs, to search for high-performing employees (Kalleberg, 2001) and training (Krueger, 1993). Hiring employees through employment agencies, independent employment or freelance are examples of this type of temporary employment.

Temporary employment agency

The most common concept of temporary agreement is through the use of an intermediary organization such as “temporary-help service firms” or “temporary staffing agencies” (Gallagher, 2002). The employment relationship among temporary-help service firms is explicitly between all three parties: “service firm-employee-client” (Connelly & Gallagher, 2004). The contractual arrangement between employee and client organization is dependent upon the assignments for which the employee may be qualified (Gallagher, 2002). In most countries, there are also legal limitations on the duration of an employee’s assignment to a particular client organization (Connelly & Gallagher, 2004) .

Freelance

Independent contractors or “freelance” employees are often defined as self-employed individuals who offer services to client organizations on a fixed-term or a project basis (Connelly & Gallagher, 2004). This type of employee is usually highly skilled. An organization hires this type of employee when the skills needed are not available in-house (Galup et al, 1997). The length of the contract is usually tied explicitly to the accomplishment of a specific project. Once the project is completed, the contractual relationship is terminated unless a decision is reached by both parties to carry on into a subsequent contract (Gallagher, 2002).

Internal temporary employees

This type of employee is recruited via “direct-hire” or “in-house” arrangements with the immediate employer organization (Gallagher, 2002). In other words, that the employment is internally arranged by the organization itself. Gallagher (2002) found that structurally, direct hire employees conform more to traditional employment models. Gallagher’s reason for this

is that direct hire temporary employees can assume an ongoing relationship (worker-employer relationship). Furthermore Gallagher explains that the employment relationship can be distinguished between “ongoing” and “on-call”. The term “on-call” could also refer to “zero-hour” contracts (Beardwell & Claydon, 2007). Further explanation can be found in the “zero-hour” section below.

Direct-hire temporary employees could be distinguished into three types of contract, fixed term contract and, zero-hour contract or seasonal contract.

Fixed-term contract:

This type of contract has a specified duration, where the start date and termination date are clearly stated on the contract (Beardwell & Claydon, 2007). The organization uses fixed-term contracts, for example, when searching for prospective permanent employees (Houseman, 2001). Sometimes a fixed-term temporary contract is used in the first working period. By doing this, the organization familiarizes the employer with the employee. In the absence of regular employees due to sick leave or maternity leave, directly hired temporary employees on a fixed-term basis are significantly preferable for the employer. This reduces the cost rather than just exclusively using the services of a temporary employment agency (Connelly and Gallagher, 2004).

“Zero-hour” contract

In some European countries, a variation on the direct hiring of temporary employees is the use of “zero-hour” contract (Sparrow, 1998). Sparrow (1998) indicates that “zero-hour” employees have no specific number of hours which implies that “zero-hour” contracts begin with the principle that working hours will be offered when a certain demand exists for such labor. In this form of contract, the employee must be available for work, however the work is not guaranteed to be offered by the employer (Beardwell & Claydon, 2007). Essentially, the employee may be on call to cover the absence of permanent employees (Beardwell & Claydon, 2007). Connelly and Gallagher (2004: 961) noted that “direct hire temporary arrangements are most often found in large organizations where irregular staffing requirements result in the frequent use of workers for short-term assignments and where the organization hires temporary workers directly rather than exclusively using the services of a temporary-help service firm”.

Seasonal contract

On the other hand, a seasonal contract is used to hire employees to accommodate peak periods. These periods, usually for short-term, occur in long holiday seasons. In these periods many permanent employees take extended vacations. To fill the gap, companies hire temporary employees on a seasonal basis. This type of arrangement has been popular among college students, who seek pocket money during school holidays. McDonald and Makin (2000) observed that seasonal work might lead on to future fixed-term contracts or as the entry point for long-term employment. Hiring students is not only cheaper compared to the older worker but also gives the potential of a fixed-term future contract in the same period.

This paper focuses on internal temporary employees, direct hired, rather than external temporary employees, because, from a psychological contract point of view, direct hire temporary employees have a direct relationship between employer and employee. Therefore, an organization may seamlessly integrate its direct hire temporary employees into its operations, while keeping external temporary employees separate from all other employees (Connelly & Gallagher, 2004) . This could affect how the organization treats them and what human resource practices should be used.

Chapter 3: Employees' motivation in general

In order to gain a competitive advantage, a company should concern itself with the performance of their people. One way to enhance performance is to stimulate employees' motivation. This chapter will explore more general factors that motivate employees.

Definition of motivation

As mentioned in the first chapter, motivation can be defined as an establishment of goal oriented behavior (Cleveland & Murphy, 1992). Deci and Ryan (1985) stated two aspects of behavior: energization and direction, which have been studied in regard to motivation. According to Deci and Ryan (1985), energy in motivation defines a fundamental need, while direction concerns the process of directing action towards satisfaction. In other words, in order to satisfy his or her needs, an individual may take an action to achieve them.

Meanwhile, work motivation refers to “a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity and duration” (Pinder, 1998: 11). Among various motivational theories, Herzberg (1959) has developed a theory about the factors relating to job attitudes and the effect of these attitudes on work performance. In his book, Herzberg (1959: 16) states “In spite of cultural differences, workers around the world tend to demonstrate a tendency toward satisfaction with job intrinsic, and dissatisfaction with extrinsic”. This proposition has been applied in many businesses nowadays. For example, a study by Osterloh and Frey (2000) noted that in order to motivate employees in a coordinated and goal oriented way, managers must evaluate the benefits and costs with respect to intrinsic and extrinsic motivation. This evidence proves that intrinsic and extrinsic motivations have the greatest impact towards work performance. Intrinsic and extrinsic motivation will, therefore, be discussed in the following section.

Intrinsic motivation

Researchers define intrinsic motivation in many ways. “Intrinsic motivation is valued for its own sake and appears to be self sustained” (Calder and Staw, 1975: 599, Deci 1975: 105). Motivation is intrinsic if an activity is undertaken for one's immediate need satisfaction

(Osterloh and Frey, 2000). Intrinsic motivation derives from internal factors and addresses specifically an individual's needs such as growth, social approval, security, etc (Brenda & Hy, 2001). Therefore, intrinsically motivated people perform a particular task because it is inherently interesting or enjoyable (Richard & Edward, 2000).

Intrinsically motivated employees desire to perform challenging tasks, in the sense of how the task is to be solved instead of in the sense of being paid for performance. These employees are more proactive in executing diverse tasks. The impact of intrinsic motivation is an undeniable organizational advantage because it lowers transaction costs and raises trust and social capital (Ghoshal & Moran 1996, Kohn 1993, Nahapiet & Ghoshal 1998).

Extrinsic motivation

On the other hand, extrinsic motivation refers to an outside source that tends to control the performance of the work (Amabile, 1993). A motivated employee performs a particular task because it leads to a separable outcome (Richard & Edward, 2000). An organization often regards extrinsic motivation as manipulations which include praise, communication, benefit or money (Brenda & Hy, 2001). Extrinsically motivated coordination in organization is achieved by linking employees' monetary motives to the goals of the organization (Osterloh and Frey, 2000). The most common extrinsic motivation is money. Money is "a goal which provides satisfaction independent of the actual activity itself" (Calder & Staw, 1975: 599).

Nevertheless, employees could also be motivated through non-monetary rewards, such as feedback. Kanfer (1990) proposed that people's behavior can be motivated by achieving value goals. Managers in many organizations are encouraged to give feedback to their subordinates (Friedman & LeVino, 1984). Many organizations increase salaries or bonuses to push up the performance, while others exploit non-monetary compensation.

Employees' motivation factors

Organization productivity is influenced by employees' motivation, therefore managers need to understand what influences employees to reach a high performance (Beardwell & Claydon, 2007). There are several factors that can influence employees' motivation. Porter and Miles

(1974) identify four major variables that influence work motivation: individual characteristics, job characteristics, work environment characteristics, and external environment characteristics.

Individual characteristics

Essentially every individual has different motives and objectives. By understanding individual characteristics, managers attempt to understand the needs and wants of each of their employees. Mischel (1981) classifies competencies, constructs, expectations, values, self-regulatory plans as a five factor model of individual characteristics. In summary: competencies concern the abilities and skills of the individual; constructs represent an individual's ability to combine several pieces of information to form an idea; expectations are an individual's belief about how he and others should behave; values concern what individuals believe to be important and self-regulatory plans concern the goals an individual sets and the plans they make to achieve them. A study of Schoonover, Schoonover, Nemerov, and Ehly (2000) prove that competency is a set of success factor in employee behavior required for an outstanding performance. As noted by Mankoff (1974) values play a crucial role of human motivation. But there is evidence that expectation to be an important factor influencing employee turnover (Pearson, 1995).

Job characteristics

Beardwell and Claydon (2007) describe job characteristics as the aspect of the job which determines its limitations and challenges. Job characteristics have been defined by Organizational sciences as significant influencing factors of employees' motivation. For example Hackman and Oldham (1974) proposed a model that can give a useful perspective on the factors affecting job design and motivation. The model states that job characteristics of skill variety, task identity, task significance, autonomy and feedback impact three critical psychological states which are: experienced meaningfulness, experienced responsibility for the outcome and knowledge of the actual results. This in turn influences work outcomes such as job satisfaction, absenteeism, work motivation, etc. Hackman and Oldham's model has been proven by a study by Buboltz & Winkelspecht (2004). They state that a specific job design influences the attitudes, belief, and feeling of employees. In addition Robertson et al (1992) describe that the model's elements are based in the realm of personal reward and

reinforcement. This is furthermore reinforced by studies from Ward (1988), Muchinsky (1977) and Mowday, Porter and Steers (1982), which state that job satisfaction is an important factor of employees' performance because it reduces turnover, absenteeism and increase organizational commitment, respectively.

Work environment characteristics

An organization where the employees work is likely to impact their motivation: a work environment can influence both the level and the frequency of creative behavior (MacKinnon, 1965). Amabile (1988) designed a componential model of creativity and innovation in the organization. Amabile proposed three organizational factors in the model: firstly, organizational motivation to innovate, which is a basic goal of the organization, as well as supporting creativity throughout the organization. Secondly, resources refers to everything that the organization has available to aid work in a specific area intended for innovation, for example, sufficient time for producing new work in the area, and providing training. Thirdly, management practices involve giving freedom and self determination in the conduct of work, providing challenging, interesting work, giving clear general strategic goals, and bringing employees together in teams according to their skills and work experience.

External environment characteristics

Employees' motivation does not only rely on the environment where they work. There appears to be some evidence that the external environment may also impact employees' motivation. However, in this category an organization cannot directly change employees' motivation (Perry & Porter, 1992). Perry and Porter (1992) divided external environment characteristics into several major categories: political, economic, technological, demographic and socionormative.

Chapter 4: Direct hire temporary employees motivation and performance

Employees' performance is frequently described as a joint function of ability and motivation, and one of the primary tasks facing managers is motivating employees to perform to the best of their ability (Moorhead & Griffin, 1998). However, temporary employees are hired on a short term, more contractually defined basis (Moorman & Harland, 2002), thus the way of motivating them requires difference approach than for the permanent workforce (Wheeler & Buckley, 2001). This chapter will observe the relationship between motivation and performance of direct hire temporary employees. There have been a limited number of studies on this research area. Although a study of Wheeler and Buckley (2001) proposed a model based on Expectancy Theory to explain the motivation of temporary employees, it appears that the model better fits temporary employees working via an employment agency rather than direct hire temporary employees. By contrast, direct hire temporary employees' motivation will be indentified through their reasons in choosing this type of employment. This observation will be based on intrinsic and extrinsic motives and some factors of general employees' motivation. Additionally, some scenarios will be sketched to illustrate the link between direct hire temporary employees' motivation and performance.

Employees' reasons

Employees work for a reason. Each employee has different reasons according to his or her situation. There are a number of reasons why employees accept direct-hire temporary work arrangement:

1. To supplement family income and provide flexible work hours (Paul & Townsend, 1998). In dual career families, working mothers usually work to earn some extra money for families. "Zero-hour" contract in direct-hire temporary contract provides them flexibility in scheduling with child care.
2. Stepping stones to full time employment. In the period of downsizing or economic recession, employees find difficulty in job searching. They prefer to work on a temporary basis as a stepping stone to obtain a permanent job (Feldman, Doeringhuis & Turnley, 1995; Hardy & Walker, 2003). Fixed-term contracts in a direct-hire

temporary arrangement offer the employees a stable income for a certain period. Thus, choosing temporary job is better than no job and no income (Paul & Townsend, 1998).

3. To gain work experience: College students desire to work in temporary contracts to gain some work experience and to seek some pocket money on vacation (Feldman, Doeringhuis & Turnley, 1994; Henson, 1996). In this working period they have the chance to develop and learn new skills that would serve them well for a future job (Albrecht, 1998).

Scenarios

Consider the following first scenario: a woman stopped working when she decided to spend her valuable time with her children. When the children grew up she had more time for herself and decided to come back to work. In order to balance with her family schedule, she chose to work on a “zero hour” temporary contract basis. This scenario shows the woman has intrinsic motivation in taking her decision to work. However, some environmental conditions could lead to lower intrinsic motivation (Amabile, 1993). For example, another reason that the woman would go back to work is to supplement the family income. Her intrinsic motivation would then no longer exist.

Second scenario: a divorced woman lives with her children. In order to provide an income for her family, this single parent tried to reenter the labor force. Due to economic recession, she found difficulty in finding a permanent job. Thus, she had no choice but to accept a fixed term temporary contract to obtain a stable income for her family. In other words, her decision to work was driven by extrinsic motivation.

Consider the two scenarios mentioned above: according to Krausz, Brandwein and Fox (1995) the woman in the first scenario was “voluntarily” employed as a direct hire temporary employee. She chose the direct hire temporary work because it offers the balance between earning some extra money by working and her family life. Thus, she had significantly higher levels of both intrinsic and overall job satisfaction compared with the woman in the second scenario, who was “involuntarily” working in a direct hire temporary contract due to the lack of permanent jobs in the market Krausz et al., (1995).

Hypothesis 1 Direct hire temporary employees' motivation is affected by working status (voluntary or involuntary).

Another condition regarding both scenarios is that the home situation both women have is different. The divorced woman is a single parent who needs to work to provide an income for her family, while the woman in the first scenario is just contributing to the overall family income. Thus, she works only to earn some extra money. Based on this condition hypothesis 2 is established.

Hypothesis 2: Direct hire temporary employees' motivation is affected by the individual situation.

Third scenario: while working on a direct hire temporary basis both women in the above scenarios develop create different attitudes toward the job. In the first scenario the woman enjoys the flexible time which allows her to balance work and family life. Thus, she does not have a desire to attain any permanent status, but will keep the job for long the term to maintain her enjoyment. Conversely, in the second scenario the reason that the woman works is to provide her family income. Her decision to work in a temporary contract is as a stepping stone to attain a permanent position. Nevertheless, from those points of view both women are extrinsically motivated, both of them attempt to achieve for long term work relationships with the organization. In order to acquire that position both of the women may put in similar efforts. They might engage in the social workforce to obtain important information.

Fourth scenario: a college student decided to work on vacation, under a seasonal direct hire temporary contract to earn some pocket money and gain working experience. On the job she expected that she would be offered the tasks that she learned in school. However, according to Lautsch (2002) managers essentially assign tasks that require firm specific knowledge to permanent employees. In other words, she might be offered the tasks that require more general skills (Lautsch, 2002). Thus, she might gain less working experience, which could change her behavior on the job.

Consider the last two scenarios: both women in the first and second scenarios had a long term preference toward the job. According to Krausz et al., (1995) they had significantly higher levels of overall intrinsic and extrinsic job satisfaction compared with the college student who undertook temporary work on "short-term".

Hypothesis 3: The more motivated the direct hire temporary employee is, the better the performance, moderated by Human Resource Management practices.

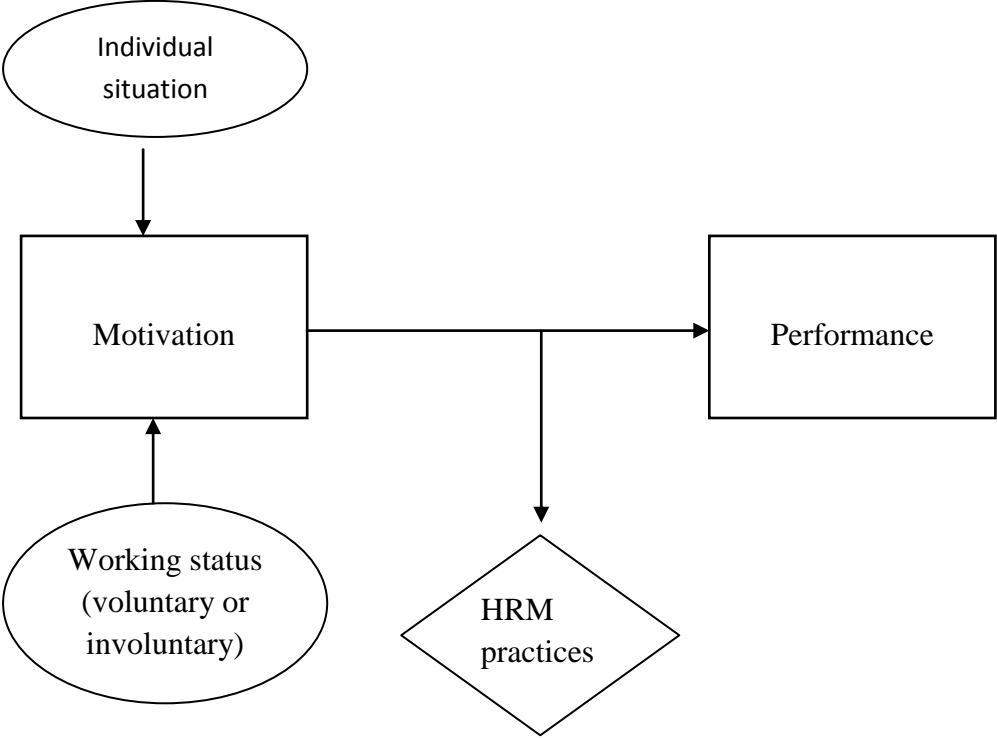


Figure 1: The relationship between motivation and performance of direct hire temporary employees.

Chapter 5: Human Resource Management practices

Human Resource Management (HRM) practices in this research are the moderator between direct hire temporary motivation and performance. In this chapter all the existing literature about HRM practices of temporary employees will be reviewed and observed with reference to implementation for direct hire temporary employees.

By maximizing use of human resource, the organization can improve its position in relation to its competitors. Practically, this can be achieved by improving management of people and organization structure (Beer et al.1985; Tichy, Fombrun & Devanna, 1982). Dransfield (2000: 69) said “Human Resource Management processes are concerned with getting the best performance from individuals in an organization, as well as getting the best performance from teams, and the organization as a whole”.

While the issue of temporary employees has been extensively explored, HRM practices of this type of employment have been essentially examined for the benefit of the organization rather than to for the temporary employees. For example research by Lautsh (1999) found that organizations which utilized temporary employees to gain costs benefit tend to separate temporary from permanent employees in the management practice and maintain an average to high level of different between the two groups. However, there appears some evidence that likely to be benefit for direct hire temporary employees. For example research by Lautsch, (1999): Morishima and Feuille (2000) observed the organizations which are primarily interested in gaining staffing flexibility were motivated to use temporary employees and more inclined to follow management practices by minimizing wage differentials as well as emphasizing greater similarity between permanent and temporary employees in term of task, supervision and skill development. Lautsch (1999) concluded that organizations tend to follow different strategies regarding the level of distinctions made between permanent and temporary employees, such as pay, supervision, skills development, and the movement of employees from temporary to permanent status. Furthermore Lautsch (1999) explained that such treatment is taken as a function of the strategic objectives associated with the decision to use temporary employees.

From the existing studies, it seems that Human Resource Management for temporary employees is not explained in depth. Research in this area seems to be too generally discussed with no deep observations. Below are some HRM practices that have been observed through literature review.

Job design

The important drivers of organizational performance is designing a job that can give employees working experience that leads to proactive and innovative behavior, cooperation in teams, and sharing knowledge with others at work (Crant, 2000). It is difficult to find current studies which support this proposition applied to direct hire temporary employees. Some of the literature studies argue that managers shift interdependent task to the permanent employees, when temporary employees are hired (Pearce, 1993), which it narrows the scope of the tasks that they are allowed to do (Ang & Slaughter, 2001). However, this situation could refer to external temporary employees. Direct hire temporary employees may be seen as having more potentially permanent employment opportunities in the organization (Gallagher & Parks, 2001). Therefore, it is possible that they may be assigned a job that differs from their previous assignment within the organization (Gallagher & Parks, 2001).

Training

Training is another issue that may be faced by direct hire temporary employees, especially for “short-term” and “zero hour” contract. Due to short duration working period, they may not be given access to in-house training programs that are offered to the permanent employees (Hanratty, 2000; Kidder, 1995). A lack of training may affect temporary employees’ performance (Virtanen, Kivimaki, Virtanen, Elovainio & Vahtera, 2003). The likelihood of temporary employees’ attitudes, such as their job satisfaction, may be affected by whether or not they receive training from the organization (Lowry, Simon & Kimberley, 2002). Considering that direct hire temporary employment relationships appear structurally more similar to traditional employment, managers should undertake the responsibility for providing employees with various levels of firm-specific and generalizable training (Gallagher, 2002).

In summary, the issue of strategic management related to direct hire temporary employees is more concerned with how and to what extent direct hire temporary employees are able to

develop and improve their human capital (Gallagher, 2002). By giving direct hire temporary employees the right HRM practices, performance will increase, leading to advantages for the organisation.

Chapter 6: Conclusion

The main problem statement of this research was:

To what extent do motivational factors lead to high performance for direct hire temporary employees of the organization?

The answers to this question are taken in several steps. Firstly, the characteristics of temporary employees have been categorized in terms of work arrangement. Examples of this categorization were given for a further understanding of each of them. Secondly, intrinsic and extrinsic motivations have been discussed to identify the factors that influence employees' motivation. Thirdly, some scenarios were sketched to illustrate the relationship between motivation and performance of direct hire temporary employees. Finally, in the light of these, theories human resource practices were proposed. Subsequently, three hypotheses were developed.

The relationship between motivation and performance of direct hire temporary employees has been drawn in chapter four (see figure 1). The conclusion is that direct hire temporary employees' motivation is affected by the individual situation and working status (voluntary or involuntary): the more motivated the direct hire temporary employee is, the better the performance, moderated by human resource practices.

Discussion

Even though the existing literature has proven that direct hire temporary employees have structurally similar opportunities as the permanent employees, the managers will still think twice in designing Human Resource Management practices for this group. It seems that the "cost benefit" reason for employing temporary employees is a considerable factor, especially for the "short-term" and "zero-hour" direct hire temporary employees. It might be highly recommended for the managers to involve direct hire temporary employees more in HRM practices. Therefore, they will be more motivated to do the job and it can increase the performance, which leads to organizational advantage.

Limitation

The limitation of this research is related to legal employment. The legal aspect of direct hire temporary employees could be different between countries. For example, the arrangement of direct hire temporary contracts in the UK will be different from those in the US. The analysis of this study does not focus specifically on one of those countries. This implies that the result of this study might or might not be applicable to a specific condition.

Recommendation

For future research, it is highly recommended to conduct empirical research in proving the theoretical or hypotheses of the relationship between motivation of temporary employees and performance. Specific country studies would be very useful in understanding how different arrangements affect the performance.

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