# THE EFFECTS OF SHORT TERM EMPLOYMENT CONTRACT ON AN ORGANIZATION: A CASE OF KENYA FOREST SERVICE.

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#### **Abstract**

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

#### Introduction

The topic under the study was an investigation into the effects of short term employment on an organization. The study used Kenya Forest Service which had considerable large numbers of employees on short term contract as a case study. According to Foote (2004), during the past three (3) decades and beyond, there has been a worldwide upsurge in the number of organizations that use or employ temporary workers. This has been attributed to economic uncertainty or turbulence (Greer, 2001). It can mainly be attributed to an increase in global competition and the urge to reduce the cost of doing business.

## **Background of the Study**

Short term employment is perceived as resulting from continuous changes in the working arrangement around the world and has become a key concern in the last three decades (Foote, 2004). The effects of short term employment for the employees and the organization have not been fully established yet, because there are many variables that can affect the observed outcomes.

The short term employment business accounted for roughly ten (10) percent of the total job growth in the 1990s, a figure twice that seen during the 1980s (Wessel, 2001) and projections indicated at least a 60 percent increase over 1996 figures by the year 2006 (Melchionno, 1999). Increasing numbers of firms are turning to the short term labor market in an attempt to enhance their competitiveness in the global market. Those firms differ widely in their approaches to human resource management in terms of training, orientation, socialization and integration of short term workers. Autor (2001) suggests that several factors associated with the management of short term workers that may lead to higher than necessary rates of departure prior to contract end dates. These factors include inadequate socialization, perceptions of injustice, exclusion from decision-making, expectations for permanent work, lower age and tenure, lower tolerance for inequity, low levels of commitment and limited motivation.

Very many firms still use short term workers for a variety of reasons, such as seasonal or cyclical workforce adjustments, cost-savings efforts, and specific skill needs (Jolliffe and Farnsworth, 2003). For these firms, the costs of increased socialization, training and development of short term employees would likely far outweigh the benefits.

Some firms use the short term employment condition as a pseudo-probationary period to preview workers from whom they screen out those who fail to meet performance criteria or do not otherwise "fit" the organization, or extend an offer of long-term employment to desired individuals (Druker and Croucher, 2000). Such firms may find significant benefit in developing a stronger, more meaningful employer-employee relationship with their short term workers. Individuals' inspiration to enter the short term labor market vary broadly and at times include the inability to secure more desirable or permanent work, or a desire or need for retraining or for greater choice in when and where to work. On the other hand, a large number of them do so with the implied hope of obtaining an offer for longer-term employment (Foote and Folta, 2002). In some cases, the aspiration for longer-term employment stems from a perception on the part of lenders that, because their income source is less stable, short term workers represent a high financial risk, and these short term workers want to avoid being seen as high-risk investments.

Notwithstanding improvements in some areas, industry groups still appear to be unenthusiastic to fully incorporate short term employees, as evidenced by the European Union's recent failure to reach agreement over the drafting of the Agency Workers' Directive. The directive, which appeared to have secured the support of most European partners, was attempting to improve the rights of short term workers (Donkin, 2003). Short term employment grew significantly over the last decade, accounting for 10 percent of net employment growth in the United States during the 1990s. Evidence from case studies and business surveys suggests dramatic growth in the outsourcing of functions to contract companies as well (Houseman, 2001). Elements such as the technologies used in the productive process, the specialization of the workforce and niches of development are just examples of the diversity of aspects that have been in constant change so far.

Short term employment is part of the phenomenon of short time employment, often seen as a consequence of a major push by governments and employers in industrialized countries to develop more flexible labour markets and to reduce labour costs (Golden and Appelbaum, 1992, cited in Rogers, 2000). An alternative view, however, is that the short term employment industry itself is actively engaged in promoting its own growth and preventing regulation (Gono, 1997, cited in Rogers, 2000).

**Kenya Forest Service**: Kenya Forest Service (KFS) is a State Corporation established by the Forest Act 2005, to provide for the establishment, development and sustainable management, including conservation and rational utilization of forest resources for the socio-economic development of the country. Development of industrial forest plantations remains a core activity of the Kenya Forest Service. This is borne out of the realization that the wood-based industries in Kenya largely depend on this vital resource for supply of raw materials and that the resource under sustainable management represents a viable economic enterprise (<a href="www.kenyaforestservive.org">www.kenyaforestservive.org</a>).

#### **Statement of the Problem**

Despite of the fact that there has been considerable growth in short term employment in organizations across the globe, the growing body of research remains largely limited to employees (typically referred to as permanent employees) hired with an expectation, on the part of both employer and employee, of relatively long-term employment, whether full or part-time. Very little research links progressive human resource management practices and systems to the management of workers hired on a short term basis who may not share their more permanent counterparts' expectations of relatively longer-term employment (Foote, 2004).

Several authors (see De Cuyper, De Jong, De Witte, Isaksson, Rigotti, & Schalk, 2008) suggest that short term employment may be a source of negative outcomes for both individuals and the organization.

# **Objectives of the Study**

The general objective of the study was to examine the effects of short term employment on an organization. Other specific objectives were as follow:

- i. To determine the effects of hiring staff on short term employment to an organization
- ii. To determine how short-term employment affect productivity of staff and the organization.
- iii. To examine how Kenya Forest Service is coping with the challenges posed by short term employment
- iv. To examine current trends in human resource management in Kenya with regard to short term employment using Kenya Forest Service as a case.

### **Research Questions**

- i. What are the effects of hiring staff on short term employment to an organization?
- ii. How does short-term employment affect productivity of staff and the organization?
- v. How is Kenya Forest Service coping with the challenges posed by short term employment?
- iv. What are the current trends in human resource management in Kenya with regard to short term employment?

## Significance of the Study

The study will be of great importance to many organizations in this country which have hired staff on short term contracts. The findings would bring awareness to them regarding the challenges being faced by other organizations. In particular, the Human Resource Managers can use the research findings and recommendations to lay out strategies for overcoming the challenges. The study was to make a significant contribution to academic literature in the field of human resource management in Kenya.

Scope of the Study: The study covered the effects of short term employment on an organization with reference to Kenya Forest Service. Data was specifically collected from permanent and short term staff levels. These were considered as major respondents in the study.

Limitations of the Study: The Researcher had a challenge in securing the employees precious time considering their busy working schedules. In addition, there was a challenge with a shortage of literature on the effects of short term employment on an organization more so in the local context.

### Literature review

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical review, short term employment, human resource policies, reasons for employers to use short term workers, employment act on contract of service and termination, effects of short term employment to an organization, empirical review and conceptual framework.

### **Theoretical Review**

#### **Social Exchange Theories**

According to De Cuyper et al. (2008), there is no available theoretical framework to analyse the effects of short term employment. Nevertheless, general psychological theories may offer a good starting point for the analyses, although these have mostly been developed against the backdrop of the permanent employment relationship. They can be organized in two main groups: work stress models, and social comparison or social exchange theories.

The social comparison theory (Festinger, 1954) is the idea that there is a drive within individuals to look to outside images in order to evaluate their own opinions and abilities. These images may be a reference to physical reality or in comparison to other people. People look to the images portrayed by others to be obtainable and realistic, and subsequently, make comparisons among themselves, others and the idealized images.

In his initial theory, Festinger hypothesized several things. He indicated that humans are compelled to appraise themselves by probing their opinions and abilities in assessment of others. He further said that the inclination to evaluate oneself with some other specific other person decreases as the differentiation between his opinion or ability and the other's own become more deviating. He also hypothesized that there was an upward drive towards achieving greater abilities, but that there are non-social restraints which make it nearly impossible to change them, and that this was largely absent in opinions (Festinger, 1954). The individuals who are similar were better in generating accurate evaluations of abilities and opinions.

Work stress models try to explain the consequences of short term employment by underlining certain characteristics that make short term workers more prone to suffer work related strain (see De Cuyper *et al.*, 2008). There are three relevant variables. First, short term workers are peripheral to the organization, meaning that they are not the main concern of the employers regarding certain aspects such as benefits, wages, promotion or further training. This idea is advanced in theories such as the Flexible Firm model (Atkinson, 1984, cited in Valverde et al., 2000) and the Dual Labour Market model. The resulting adverse working conditions for the short term employees can cause, as a consequence, a decrease in the worker's well-being and deteriorate performance at the workplace (Rousseau & Libuser, 1997).

Therefore, short term workers have few possibilities for deciding how to do their work, to use specific skills or to make any other kind of decisions within the workplace (De Witte & Näswall, 2003). In addition, since short term workers are new members of the organization, they have to assimilate procedures and aspects of the organization, becoming another potential source of stress (see De Cuyper et al., 2008). The lack of support from co-workers, supervisors or even the union (De Witte & Näswall, 2003) can also be a source of stress and detrimental to well-being. The third determinant has to do with the lack of control that short term workers might experience regarding the demands of the employer (or employers).

## Theory of Work Adjustment (TWA)

The relationship between the employee and the organization is also reviewed by the Theory of Work Adjustment [TWA] (Dawis, 2004), which places emphasis on the interaction and how the workers change to fit into the workplace. This theory highlights the congruence between the requirements of the organization and the requirements of the employee. First, it is important to consider the employee's needs and expectations, which are supposed to be fulfilled through the organization (Dawis, 2004). Second, the employee has skills that are useful to succeed in this fulfillment. Third, most interactions between the employee and the organization are oriented towards these requirements.

When there is a certain level of discrepancy between the needs of the employee and the reinforcement given by the organization, there will be a change in the employee's behaviour in order to reduce the dissonance. Just as it is highlighted by Thorsteinson (2003), the level of dissonance leads to employee dissatisfaction. Regarding this, there are two ways to reduce the conflict: altering the employee's needs or the organization's environment. When the strategies are unsuccessful, the employee eventually quits (Dawis, 2004).

Equity Theory: The psychological contract refers to beliefs about the terms of an exchange agreement between individuals and their organizations, and revolves around expectations suggested by that agreement, either explicitly or implicitly. While some individual temporary workers prefer the transitory environment offered by short term work, many enter the short term labor market specifically intent on securing a permanent position.

Adams' (1963) equity theory proposed, in general terms, that when individuals perceive a difference between their own input/outcome ratio and that of a referent other, a negative state of distress results that motivates those individuals to take action to restore equity to the situation. Because firms primarily control outcomes, adjustments nearly always occur on the input side of the ratio. In addition, employees who cannot achieve an acceptable "adjustment" of the input: outcome ratio, either in reality or by altering their perception of the ratio, naturally resolves the situation by withdrawing from the organization (Cascio, 1991). Equity theory would predict that short term workers who perform comparable tasks equally as well as their referent coworkers (in this case, permanent employees), but receive lower pay than the coworkers, may respond by seeking to increase outputs or by reducing input efforts in order to restore equity. The potential for such a scenario is high, because short term workers are typically paid less than permanent employees, even for equivalent work (Parker, 1994).

# **Short Term Employment**

Among a range of classifications available, short term employment is variously referred to under the titles "contingent" (Belous, 1989, cited in Lips, 1998), "irregular", "non standard", or "atypical" (Bourhis and Wils, 2001) employment. By and large, the terms refer to those who are employed in jobs that do not fit the traditional description of a full-time, permanent job (Brosnan and Walsh, 1996). Short time employment is generally understood to encompass short term employees recruited by short term consultants or agencies which are external to the employer, or those hired directly by the company to be short term employees, contract employees, subcontractors, consultants, leased employees, part-time employees and self-employed.

As a distinct labour subset, however, "short term employment" is commonly defined as: A job where the individual does not have an explicit or implicit contract for long term employment, the short term nature of the job being recognized by both parties (Nardone et al., 1997). The different descriptions and definitions of short term employment, and the linked uncertainty, offers a challenge to scholars of research as any educated guess of the size of the short term workforce depends on the definition that is used (Risher, 1997). Moreover, official statistical collections on labour market trends have often not kept pace with apparent changes in work (Callister, 1997). Short term employment has increasingly become part of the labor market in the European Union and its member states, with an average incidence of about 13 per cent in 2000 (OECD, 2002).

In spite of measurement problems, commentators are in accord that the short term workforce has become a significant employment option (e.g. Herer and Harel, 1998). Mangan (2000, p. 24) states that: Between 1983-92, short term employment in the USA increased almost 250 per cent – ten times faster than overall employment in that country. Socio-economic variations including those related to globalization and faster innovativeness have brought about changes in workforce structures that facilitated the growth in short term employment (Brosnan et al, 1996). Short term employment is a means of job continuity in an era of restructuring, redundancy and unemployment. Such job continuity is replacing job security for many professionals and short term work is a way to stay continuously employed (Brosnan et al., 1996). Short term employment may open up opportunities for previously unemployed people to find employment (Callister, 1997), and it provides foot-in-the-door opportunities and experience for people (re)entering the workforce. Callaghan and Hartmann (1991) found that some workers, such as parents caring for children, students, or retired people, might have a preference for parttime or short term employment that allows them the flexibility to work the hours that suit them without making a full-time, long-term commitment to a single employer.

Callaghan and Hartmann (1991) refer to a study, which indicated that women short term workers had more education than women workers in permanent employment, and are neither unskilled nor in lower level positions. Callister (1997) indicates that short term employment can offer long-term advantages to some workers; for example, it can foster lifetime participation in paid work by women. He further found that many short term employees voluntarily take up this form of employment for the flexibility and opportunities for skill advancement that it provides. Short term employment also provides people with the opportunity to "try out" new organizations, industries, and occupations without the long-term commitment (Lips, 1998). Moreover, short term employment is increasingly being used to facilitate the transition from situations such as unemployment, studying, time off work by women to have children, and redundancy, back to a permanent work situation (Lips, 1998).

### **Human Resource (HR) Policies**

Human resource policies are systems of codified decisions, established by an organization, to support administrative personnel functions, performance management, employee relations and resource planning. Each company has a different set of circumstances, and so develops an individual set of human resource policies. HR policies provide an organization with a mechanism to manage risk by staying up to date with current trends in employment standards and legislation (Tyler, 1999). The policies must be framed in a manner that the companies vision and the human resource helping the company to achieve it or work towards it are at all levels benefited and at the same time not deviated from their main objective. In the last two decades, HR policies in Kenya have been revised and restructured and is assigned a key role in elevating the economic condition of the country and its people (Taylor and Collins, 2000). The government policies in the recent years have also been made smoother to encourage foreign firms to develop their branches in Kenya. These companies have mostly hit sectors like IT, education, retail and outsourcing.

### **Employment Act on Contract of Service and Termination**

The Employment Act Section 37 provides that where a casual employee; works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and concerning termination, section 35 of the act provides that:

- (a) Where the contract is to pay wages daily, the contract of service shall be deemed to be a contract terminable by either party at the close of any day without notice;
- (b) Where the contract is to pay wages periodically at intervals of less than one month, the contract of service shall be deemed to be a contract terminable by either party at the end of the period next following the giving of notice in writing; or
- (c) Where the contract is to pay wages or salary periodically at intervals of or exceeding one month, the contract of service shall be deemed to be a contract terminable by either party at the end of the period of twenty-eight days next following the giving of notice in writing.

Further, Section 45 of the act provides that no employer shall terminate the employment of an employee unfairly.

A termination of employment by an employer is unfair if the employer fails to prove that the reason for the termination is valid; that the reason for the termination is a fair reason - related to the employees conduct, capacity or compatibility; based on the operational requirements of the employer; and that the employment was terminated in accordance with fair procedure (Employment Act, 2007). In addition, the section provides that an employee who has been continuously employed by his employer for a period not less than thirteen months immediately before the date of termination shall have the right to complain that he has been unfairly terminated.

## Reasons for employers to use short term workers

According to the Dual Labour Market model (Connelly & Gallagher, 2004), organizations are composed of two main groups of workers: the core (or primary) group and the peripheral (or secondary) group. Core workers are mostly "standard" or permanent employees. These employees work under the so called standard employment relationship (SER), which, according to certain authors (De Cuyper et al., 2008), has some typical characteristics: it offers continuity of employment, which gives the workers a certain level of security regarding their working situation; the employees work in the employer's workplace and receive employer's supervision. The peripheral group is mostly "nonstandard" or short term workers, and includes short term agency workers, short-term, and independent contractors (Connelly & Gallagher, 2004). All these types of employment are different from the standard employment in aspects such as working hours, terms of the contract, access to fringe benefits and supervision received. Most of the companies have a certain number of short term workers as a way to deal with periods of decreased productivity or lower demand. This characteristic is considered by many authors as a quantitative (or numerical) external flexibility, concerning employees who belong to the "external" part of the company and not to the "core" (Valverde, Tregaskis, & Brewster, 2000). There are three main reasons for employers to use short term workers, flexibility of staffing, reduction of costs and ease of dismissal.

## **Staffing Flexibility**

Due to the rapid innovativeness in science and the ever increasing competitiveness, companies have established policies of flexibility and adaptation to the economic changes in order to keep profits as high as they can (Kalleberg, 2000). Given that employment situations all over the world has become more competitive and unstable, many companies and organizations have inclined to present more flexible employment conditions, focusing on prospective tribulations (such as lower demand of the market) and the possibility of lay-offs (OECD, 2002). Most companies experience variable demands of work. When demand is high, the usual response is overtime work sometimes augmented by the recruitment of temporary employees (Graham & Benett, 1995).

#### **Reduction of Costs**

A key benefit in utilizing short term employees is the reduction of recruitment costs (Allan, 2002; Gunderson, 2001). This is especially noticeable with agency workers actively recruited by employment agencies, rather than by their eventual employers (Forde, 2001). Indeed, recruitment services by the employment agencies are sometimes extended to the recruitment of permanent personnel (Autor, 2001) and in the United Kingdom represent 7 per cent of invoiced sales turnover within employment agencies (REC, 2003). Decreasing employee costs within an organization is a critical aspect of strategic human resource management with regard to competitive global market (Allan, 2002). Nonetheless, in the United Kingdom the reduction of wage and non-wage costs have not been cited as a primary reason for using short term workers (Atkinson et al., 1996). In other European countries, such as Greece, it was also found that costs failed to justify the use of short term workers (Voudouris, 2004). Kandel and Pearson (2001) suggested that short term workers may actually be more expensive to an organization due to increased marginal costs. This was especially noted in relation to the possible reduction of productivity that may result when short term workers take time to learn the job (Allan, 2002).

Accordingly, short term employees are not cheaper in terms of wages than permanent staff.Reduction of recruitment costs was also extended to using other short term workers. For example, in the National Health Service (NHS), casual workers may be employed temporarily from an NHS bank, which acts as an internal employment agency. The recruitment of seasonal workers was also similar to casual workers, whereby in one example it was shown that organizations in the tourism industry tended to embrace the seasonality of their work and, as such, hire seasonal workers from a known pool of staff (Jolliffe and Farnsworth, 2003). Fixed-term contractors may also be employed in this way, with the same contractors repeatedly employed by the same organization, especially if that organization is large and bureaucratic (Davis-Blake and Uzzi, 1993). The occasional usage of short term workers to cover short-term absences of permanent staff may not present a particularly high cost to an organization; however, in terms of necessity it may be essential to cover the workload of key members of staff who are absent on a short term basis (Atkinson et al., 1996). This short-term cover may be achieved through permanent workers; increasing the amount of hours they work through overtime or through learning new skills (Bergstöm, 2001). However, if this is not possible the use of short term workers may be ideal.

For example, in a survey of 979 workplaces, Atkinson et al. (1996) found that 59.4 per cent of employers used short term workers for short-term cover whilst staffs were away on holiday or sick leave.Long-term and shortterm recruitment costs may be kept at a minimum by using short term workers (Gunderson, 2001). Nevertheless, these estimates tend to negate the managerial time spent in recruitment even if this was merely picking up the phone to a preferred supplier or contractor (Ward et al., 2001). Human resource managers must ensure that appropriate staffs are selected on the basis of skill and organizational fit (Feldman et al., 1994). Indeed, a recent study of US-based employment agencies highlighted the need for this activity as it was found that only 42 per cent of employment agencies checked previous places of employment and only 25 per cent checked for criminal convictions (Allen et al., 2002).

### **Ease of Dismissal**

Another advantage of using short term workers was the ease of their dismissal (Allan, 2002). In the United States of America, Gunderson (2001) suggested that due to the lack of costs linked with laying off short term workers, they were an attractive option. It was noted within organizations that operated in the unpredictable market of workload (Allan, 2002). Indeed, in the UK, a strategic use of short term workers was to adjust the workforce to match demands. This gave organizations an advantage in terms of numerical flexibility employing "just in time" workers to cope with increased or decreased demand without resorting to making permanent employees redundant. Although the ability to bring people to work at short notice and let them go again gives organizations tighter control on their payroll costs, this may be to the long-term disadvantage of the organization. Short term workers may be less productive due to their time spent in learning new tasks (Allan, 2002). Increased pressure may be placed upon human resource managers or supervisors to induct and train the new short term workers (Allan, 2002). Further pressure may also arise as managers try to control the numbers of staff in accordance with workload (Henricks, 1997).

In addition, permanent employees may not like the extensive use of short term workers, especially if they feel their employer would like to substitute them with more precarious working arrangements. This was certainly found in the USA by Pearce (1993) who stated that the employment of contractors resulted in negative attitudes towards the organization by permanent workers. These negative attitudes have also been extended to US-based nurses employed with casual and agency nurses and with UK permanent call centre workers working with agency workers (Biggs, 2003). Moreover, the influence of short term workers on permanent workers may be much more complicated than anticipated. Indeed, this area of research has so far been hampered by the lack of, and difficulty in obtaining, control groups that may offset the influence of short term workers on permanent staff (Biggs, 2003).

## **Effects of Short Term Employment to an Organizations**

#### Unscheduled Turnover

The use of short term workers by firms includes, by definition, an element of scheduled turnover. That is, by their nature short term assignments have a planned ending date. However, firms that make extensive use of the short term labor market may also experience higher than necessary levels of unscheduled turnover when they fail to cope with human asset management dilemmas peculiar to short term workers (Breaugh and Starke, 2000). Unscheduled turnover is defined as the departure of short term workers prior to the scheduled end date of their assignments.

This same phenomenon, viewed from the short term worker's perspective, is referred to as early withdrawal (Backhaus and Tikoo, 2004). To the extent that unscheduled turnover occurs among short term workers, previously expected cost trade-offs between scheduled turnover and wage/benefit avoidance no longer apply, seriously threatening economic gains previously anticipated from the use of such workers. Human resource managers face an interesting conundrum in attempting to maximize the potential of short term workers. Traditionally, client firms invest little, if any, time or effort in the integration of short term workers, precisely because the assignments are short term by definition. On the other hand, failure to effectively integrate temporary workers into the firm may act to intensify the problem of unscheduled turnover (Breaugh, 2008).

Such actions on the part of the firm may also result in short term workers' failure to acquire an adequate understanding of others' expectations and their own role-relevant boundaries, thereby depriving the firm of their maximized performance. Feldman (1990) noted that the very nature of short term employment increases feelings of divided allegiance on the part of short term workers. According to Parker (1994), underemployment, meaning both underemployments in terms of hours employed and underemployment in terms of suboptimal skill utilization makes short term workers less involved rather than more involved. Segal (1996) found that short term workers worked an average of 33.5 hours per week, while their permanent counterparts worked an average of 39.5 hours per week. Thus, involvement for short term workers is limited on a temporal basis alone simply because they have an average of six fewer hours per week to exercise that involvement.

#### Low morale

Historically, short term employees have been used to substitute for employees who are on leave, to fill in for a short time while the company screens applicants to hire a new core employee, and to expand a company's short-term ability to handle an increased volume in jobs that are peripheral to core activities. This picture is changing in that, more often, short time employees are being used in what previously were core organizational jobs. This can have an effect on morale because both short time and core employees may be working side by side on the same job, but under different compensation and benefits terms. In addition, short time workers may not get the same training, thereby affecting the risk level in some jobs (Bourhis and Wils, 2001). A study by Harley (1994) showed that, regardless of size, sector or industry, there was an association between peripheral work and negative conditions in factors such as wage rates, job security, patterns of gender equality, training and career advancement opportunities, worker autonomy, as the rule rather than the exception. If these trends in short term employment growth continue, an increasing proportion of the workforce is likely to experience relatively poor working conditions. As the majority of workers in peripheral employment in Australia are women, the negative effects of its growth are unequally distributed across society, reinforcing existing patterns of social inequality (Harley, 1994).

Many temporary workers actually prefer permanent work and enter short term employment relationships with the hope of obtaining employment in a permanence and skills advancement (Hippel et al. 1997). The longer temporary workers work as short term employees, however, the fewer new skills are learned and the less task variety experienced. Bourhis and Wils (2001) note that short term workers are less likely than full-time workers to have voluntarily chosen their employment status. Rogers (2000) questions the practical reality of many so-called advantages of temping promoted by the short term employment industry, asking just how many people are appropriately employed in temping according to the skill and qualification levels they possess, and just how many opportunities temps have to try new occupations and learn new skills. Further, Rogers questions just how many people, as a result of having temped in an organization, actually find permanent employment within an occupation, and at a rate of pay, commensurate with their qualifications.

#### Low levels of employee productivity

Feldman (1990) noted that the very nature of temporary employment increases feelings of divided allegiance on the part of temporary workers. According to Parker (1994), underemployment, meaning both underemployments in terms of hours employed and underemployment in terms of suboptimal skill utilization makes temporary workers less involved rather than more involved. Segal (1996) found that temporary workers worked an average of 33.5 hours per week, while their permanent counterparts worked an average of 39.5 hours per week. Thus, involvement for temporary workers is limited on a temporal basis alone simply because they have an average of six fewer hours per week to exercise that involvement. Perhaps even more problematically, client firms commonly view temporary workers as buffers against market downturns, effectively classifying those workers as expendable.

comparing permanent and non-permanent staff.

Because of this view, client firms also allocate fewer resources to training and socializing temporary workers than to permanent employees (Wiens-Tuers and Hill, 2002). This "restricted investment" on the part of client firms reinforces feelings of second-class citizenship among temporary employees and has the compounded effect of limiting both involvement in, and identification with, the organization. As a result, temporary workers may exhibit lower levels of continuance commitment toward the client firm than do permanent employees in whom the firm's investment is not similarly restricted. This may reduce their productivity at work.

### **Empirical Review**

The growth in short term employment (i.e. dependent employment of limited duration, as in the case of fixed-term contract workers or short term agency workers, OECD, 2008) from the mid 1980s up to now has attracted a great deal of scholarly attention. The dominant position is that the evolution towards increasing numbers of short term employment is driven by the employer's demand for more flexibility and innovation, and by their wish to reduce labour costs (Burgess & Connell, 2006). This seems to hint at overall favorable effects for the organization, particularly on the short-term and assessed with indicators of economic success. Seemingly missing in this debate is a combination of a Human Resource Management and psychological approach; namely the effects of short term versus permanent employment in terms of workers' productive and/or contra-productive behaviours that are important for both organizations and employees in the short and long-term (Connelly & Gallagher, 2004).

Regarding the unfavorable consequences that can be associated with short term employment, Millward and Hopkins (1998) found that the inexperience of temporary employees added to the lack of induction and investment in their skills, might have a negative influence over the attitudes they have concerning security and the best way to perform their duties. Regarding commitment Felfe, Schmook, Schyns, and Six (2008) noticed that short term employees who chose this type of contract show less commitment compared to those who did not. It was likely to find higher levels of commitment among workers with a relational psychological contract (permanent workers) as compared to those with a transactional psychological contract (temporary employees), Millward and Hopkins, 1998. This was also noted by McInnis, Meyer, and Feldman (2009). Kalleberg and Rognes (2000) observed that lack of trust, perceived unfairness, and lower affective attachment can also be related to transactional contracts. These results are similar to those found by McDonald and Makin (2000) when

However, not every study has found negative consequences associated with short term employment. Regarding job commitment, Martin and Hafer (1995) and De Witte and Näswall (2003) found no significant difference between short term and permanent employees. The last authors found similar results about job satisfaction. Engellandt and Riphahn (2005) observed even a higher level of employee effort in short term workers compared to permanent ones. These authors argue that short term workers are more likely to work harder, although this performance level is more commonly found among employees that have a possibility of going upwards in the organization. Feldman (2005) found similar results, pointing out that contingent workers with expectations of future permanent employment are more likely to perform at higher levels and show more commitment to work compared to those who do not have these expectations. As pointed out by the author, the short time employees respond to three characteristics: they have no permanent relationship with an employer, they work less than 35 hours with any employer and the contract is of limited duration.

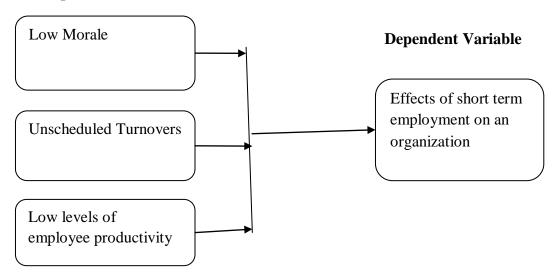
Rousseau (1990) noticed that temporary employees seeking a long-term relationship with their organizations, even when maintaining a transactional psychological contract, showed a more "relational" interaction with their employers, resulting in more commitment to the organization. Engellandt and Riphahn (2005) examined why employers use short term agency and contract company workers and the implications of these practices for the wages, benefits, and working conditions of workers in low-skilled labor markets. Through intensive case studies in manufacturing (automotive supply), services (hospitals), and public sector (primary and secondary schools) industries, they defined the circumstances under which these workers are likely to be adversely affected, minimally affected, or even benefitted by such outsourcing. Adverse effects on compensation are clearest when companies substitute agency temporaries or contract company workers for regular employees on a long-term basis because low-skilled workers within the organization receive relatively high compensation and employment and labor law or workers and their unions do not block companies from such substitution.

## **Conceptual Framework**

According to Reichel and Ramey (1987) a conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation.

It is a research tool intended to assist a Researcher in developing an understanding of the situation under investigation. The proposed study will utilize conceptual framework illustrated below in order to meet the objective of the research. Effects arising from use of temporary workers by an organization were conceptualized as being dependent on factors like low employees' morale, unscheduled turnover and low levels of employee commitment.

## **Independent Variables**



### **Research Gaps**

Among a range of classifications available, short term employment is variously referred to under the titles "contingent", irregular", "non standard", or "atypical" employment. Short term employment has increasingly become part of the labor market. As a result of the rapid advance of technologies, science and the constantly increasing competitiveness, companies have established policies of flexibility and adaptation to the economic changes in order to keep profits as high as they can. Short term workers may be less productive due to their time spent in learning new tasks job insecurity and uncertainty, which often create financial instability, are commonly associated with temping. Many short time workers lack commitment to the organization when compared to core workers. Short time workers have a higher turnover rate and also may pose a security risk. Second, while some short time employees have specialized skills, many are lacking in this regard. Thus, even when hiring from short term agencies, a company may want to carefully screen short term employees for needed job skills. A third problem associated with short time workers is that they are likely to find it difficult to integrate into the company and may suffer from lower morale.

The use of short term workers by firms includes, by definition, an element of scheduled turnover. That is, by their nature short term assignments have a planned ending date. Human resource managers face an interesting conundrum in attempting to maximize the potential of short term workers. On the other hand, failure to effectively integrate temporary workers into the firm may act to intensify the problem of unscheduled turnover. Inexperience of temporary employees, added to the lack of induction and investment in their skills, might have a negative influence over the attitudes they have concerning security and the best way to perform their duties. It is more likely to find a higher level of commitment among workers with a relational psychological contract (permanent workers) compared to those with a transactional psychological contract (temporary employees). Most of these studies were conducted in developed countries whose strategic approach and financial footing is different from that of Kenya. Thus there is a literature gap on the effects of short term employment on organizations in Kenya. This study seeks to fill the gap by investigating the effects of short term employment on an organization with reference to Kenya Forest Service.

### Research methodology

#### Introduction

This chapter describes the methodology that was used by the Researcher to find answers to the research questions. In this chapter the research methodology was presented in the following order: research design, area of study,

target population, sampling and sample size, instrumentation, data collection methods, instruments of data collection and the pilot study. The section also explained how data was to be analyzed to produce the required information necessary for the study.

#### Research Design

Orodho, (2003) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. The Researcher prepares a research design after formulating the research problem in clear terms. This involves stating the conceptual structure within which research was to be conducted. The preparation of such a design facilitates research to be as efficient as possible yielding maximum information. In other words, the function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and money. The research adopted a survey design and utilized a case study approach to achieve the objectives as outlined in chapter one. In the case study, an individual, group, or institution is investigated in depth to determine the factors, and the relationships among the factors, affecting the current status of the subject under study (Ngechu 2004). Further, according to Ngechu, (2004) the purpose of survey research design is for researchers to describe the attitudes, opinions, behaviors, or characteristics of the population based on data collected from a sample or a population.

A descriptive research design study was considered as the appropriate research design since it was a more appropriate strategy for answering research questions which ask 'how and 'what' and which did not require control over the events (Yin, 1994). The main advantages of descriptive design includes: provision of opportunity to acquire a lot of information through the area under study, descriptions can be used as an indirect test of a theory or model and some behaviors or situations cannot be studied in any other way. However, a major disadvantage of descriptive design is that since setting for a subject under study is completely natural, with all variables present, the design cannot identify causes of occurrence. In other words, the Researcher has no control over the variables; he can only report what has happened or what is happening (Kothari, 2004).

#### Area of study

The study was conducted at the Kenya Forest Service Headquarters, Karura located off Kiambu Road opposite Criminal Investigation Department (C.I.D) Headquarters in Nairobi. Kenya Forest Service is a state corporation established by an act of Parliament of Kenya.

## **Target Population**

According to Ngechu (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated. In order to gather the information required, the study targeted temporary and permanent employees working in Kenya Forest Service. Data procured from the organization's human resources department shows that there were 4902 permanent employees (inclusive seconded and deployed staff) and 750 temporary staff as at June, 2011. Head office alone had 120 and 50 respectively.

### Sampling and Sample size

Sampling is that part of statistical practice concerned with the selection of a subset of individuals from within a population to yield some knowledge about the whole population, especially for the purposes of making predictions based on statistical inference.(Yin, 1994).

According to Kothari (2004), sampling methods can be classified into two major groups: probability and non probability sampling methods. A probability sampling scheme is one in which every unit in the population has a chance (greater than zero) of being selected in the sample, and this probability can be accurately determined. On the other hand, non-probability sampling is any sampling method where the probability of selection can't be accurately determined. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection (Kothari, 2004).

In order to draw the sample, the Researcher targeted KFS staff working in the head office in Nairobi. According to Kothari, (2004), a sampling method which involves drawing a sample from part of the population which is readily available and convenient is referred to as convenient sampling. Given that KFS has a wide branch network country wide, the Researcher considered it convenient to interview respondents stationed in the Head Office.

In order to draw a representative sample from the Head Office population, the Researcher grouped the respondents into two: permanent employees and temporary staff. According to Kothari, (2004), cluster sampling is a sampling technique used when "natural" groupings are evident in a statistical population.

Ngechu (2006) indicated that a sample size was that number that was representative of the whole population and that for a National Survey, it would require 1000 whereas a District one requires 50 and beyond. Further, according to Cooper and Schindler (2003), random sampling frequently minimizes the sampling error in the population. This in turn increases the precision of any estimation methods used. The Researcher drew a sample of 51 respondents from both permanent and temporary staff. This represented 30% of the population of staff of KFS stationed in the Head Office. According to Kothari (2004) a representative sample is one which is at least 10% of the population thus the choice of 30% was considered as representative of the population.

In order to draw a representative sample, simple random sampling method was used. In this sampling method, each individual was chosen at randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process (Mugenda and Mugenda, 2003). Employees (both temporary and permanent) in the Head Office were assigned random numbers which were generated using Microsoft Office Excel 2007 and the respondents picked up.

## Instrumentation

According to Ngechu (2004) there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. Primary data is information gathered directly from respondents and for this study the Researcher used a questionnaire. Secondary data involved the collection and analysis of published material and information from other sources such as annual reports and published data. Cooper and Schindler (2003) further explains that secondary data is a useful qualitative technique for evaluating historical or contemporary confidential or public records, reports, government documents and opinions.

In this research, the primary data was collected through administration of a questionnaire. The questionnaire was divided into various sections to adequately cover the objectives of the study. It further consisted of open ended, structured and unstructured questions. The structured questions provided a set of answers from which the respondents chose the appropriate answers. Unstructured ones provided freedom while responding to the subject matter. According to Bryman and Bell (2003), a self administered questionnaire was the only way to elicit self report on people's opinion, attitudes, beliefs and values. In order to fully meet the objectives of the study, the primary data gathered was supplemented by secondary data from journals, Corporations' website and newspapers.

### Validity and Reliability of Research Instrument

The Researcher carried out a pilot study to enhance the validity and reliability of the questionnaire. According to Somekh and Cathy (2005) validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Mugenda and Mugenda (1999) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field. Hence to establish the validity of the research instrument the Researcher sought opinions of the Supervisor. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

According to Walliman, (2001), reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Reliability was increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures.

The Researcher selected a pilot group of 6 individuals (three on short term and three on permanent terms) from K.T.D.A. (Kenya Tea Development Agency Limited which was an organization that had similar cadres of employees) to test the reliability of the research instrument. This was achieved by first stratifying the individuals according to the nature of their employment status. The Researcher also put into consideration gender equity of the individuals. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. The pilot study enabled the Researcher to be familiar with research and its administration procedure as well as identifying items that required modification. The result helped the Researcher to correct inconsistencies arising from the instruments, which ensured that they measured what was intended.

#### **Data Collection Procedure**

The Researcher administered the questionnaire individually to all respondents of the study. The Researcher exercised care and control to ensure all questionnaires issued to the respondents were received and achieved the desired response by maintaining a register of questionnaires, which were sent, and received. The questionnaire was administered using a drop and pick later method. The answered questionnaires were picked after one week on average.

### **Data Analysis Procedures**

The Researcher perused completed questionnaires to document analysis recording sheets. Quantitative data collected by using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, rankings and frequencies. The information was displayed by use of bar charts, graphs, tables and pie charts. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS and Microsoft Excel 2007. The data collected from the open ended questions which was qualitative in nature, was analyzed using conceptual content analysis which was the best suited method of analysis. Content analysis is defined by Creswell (2003) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. According to Mugenda and Mugenda (2003) the main purpose of content analysis was to study the existing information in order to determine factors that explained a specific phenomenon. According to Kothari (2004), content analysis uses a set of categorization for making valid and replicable inferences from data to their context. The results were then interpreted in order to draw conclusions and recommendations.

#### **Ethical Issues**

Ethics concerns moral principles and how people should conduct themselves in social affairs (Graham & Benett, 1995). The Researcher endeavored to respect views of the respondents and the study was on a voluntary basis. The valued beliefs and convictions of the respondents were respected in the study. The primary data collected was not personalized and was handled with the confidentiality required.

### Data findings, analysis and presentation

The main objective of the study was to investigate the effects of short term employment contract on an organization using Kenya Forest Service as a case study. The data collected from the respondents was analyzed using Microsoft Excel 2007 and SPSS. Graphs, charts, pie charts, figures and tables were used to present the data. The questionnaires were dropped and later picked after approximately one week to give the respondents time to complete the questionnaires. Once the filled questionnaires were received, the data was coded using SPSS and then analyzed.

### **Response Rate**

The study targeted 51 respondents in collecting data with regard to the effects of short term employment contract on an organization at Kenya Forest Service. From the study, 44 out of the 51 sample respondents filled-in and returned the questionnaires making a response rate of 86.3%. The Researcher considers that the response rate was significant enough to provide valid and reliable conclusions from the data collected towards satisfaction of the study objectives. Information on the period that the respondents had worked with Kenya Forest Service was gathered. As shown in table 4.1 and figure 4.1, majority (66%) of the respondents had worked at Kenya Forest Service for 5-10 years, 25% of the respondents had worked for more than 10 years and 9% had worked for less than 5 years. Hence most of the respondents had worked at Kenya Forest Service for a period between 5 and 10 years.

Information on respondents' highest level of education was gathered. Majority (65%) of the respondents had diploma/certificate, 16% were graduates, 14% had reached O' Level and 5% were postgraduates. The respondents were required to indicate their profession. Most of the respondents had been trained in forestry, natural resources management professions and environmental science. The respondents were required to indicate their gender. From the data collected, 66% of the respondents were male while 34% of the respondents were female. The bio data collected was useful in providing more understanding about the target population. The research sought to find out the respondents' agreement level with reasons of short term employment to the organization. For ease of interpretation, the frequencies for the responses were converted to percentages. The mean was calculated by multiplying the frequency (%) for the response by corresponding score and dividing the result by 100.

According to the findings tabulated in table 4.4, the respondents strongly agreed that reduction in costs was a reason for short term employment to the organization as shown by a mean of 3.9, the respondents were neutral that ease of dismissal was a reason for short term employment as shown by a mean of 3.1 and the respondents were also neutral that staffing flexibility was as shown by a mean of 2.9 From mean scores, reduction in costs ranked the highest, followed by ease of dismissal and then staffing flexibility. It can therefore be deduced that reduction in costs is the main reason for short term employment at Kenya Forest Service. This result concurs with finding by Allan, (2002) and Gunderson, (2001) that a key benefit in using short term workers is the reduction of staff recruitment costs. The research sought to find out the respondents' agreement level with statements that relate to the reasons of short term employment to the organization.

According to table 4.5, the respondents were in agreement that a key benefit in using short term workers is the reduction of recruitment costs as shown by a mean of 3.7, they were neutral that in times of economic difficulty the firm always had a group of short time workers that it could lay off before reducing the ranks of its core employees as shown by a mean of 3.4, they were neutral that short term employment offered continuity of employment, which gave the workers a certain level of security regarding their working situation as shown by a mean of 2.8, they were neutral that short time workers often were less expensive in terms of salary and benefits (most short time workers receive no benefits) as shown by a mean of 2.7, they were neutral that job insecurity and uncertainty, which often created financial instability, were commonly associated with temping as shown by a mean of 2.7 and the respondents were neutral that short term employment offered flexibility and adaptation to the economic changes in order to keep profits as high as they could as shown by a mean of 2.5.

Most of the respondents were of the opinion that a key benefit in using short term workers is the reduction of recruitment costs as shown by a mean of 3.7. This result again concurs with finding by Allan, (2002) and Gunderson, (2001) that a key benefit in using short term workers is the reduction of recruitment costs. Allan (2002) further noted that reducing employee costs within any organization is an essential aspect of strategic human resource management especially in a competitive global market. The strategic use of short term workers may, therefore, involve the reduction of wage costs achieved by employing short term workers who are paid substantially less, either in direct wages or benefits, than permanent employees. The research sought to find out the respondents' agreement level with statements that relate to unscheduled turnover in the organization. According to the findings tabulated in table 4.6, the respondents agreed that the firm that make extensive use of the short term labor market experienced higher than necessary levels of unscheduled turnover when they failed to cope with human asset management dilemmas peculiar to short term workers as shown by a mean of 3.7, the respondents agreed that failure to effectively integrate temporary workers into the firm acted to intensify the problem of unscheduled turnover as shown by a mean of 3.6, the respondents agreed that short term employment resulted in short term workers' failure to acquire an adequate understanding of others' expectations and their own role-relevant boundaries, thereby depriving the firm of their maximized performance as shown by a mean of 3.5 and the respondents were neutral that involvement for short term workers was limited on a temporary basis alone simply because they had an average of six fewer hours per week to exercise that involvement as shown by a mean of 3.4.

From the findings, the statement that the firm that make extensive use of the short term labor market experienced higher than necessary levels of unscheduled turnover when they failed to cope with human asset management dilemmas peculiar to short term workers ranked first with a mean of 3.7. This finding is consistent with that of Breaugh and Starke, (2000) who noted that firms that make extensive use of the short term labor market may also experience higher than necessary levels of unscheduled turnover when they fail to cope with human asset management dilemmas peculiar to short term workers. The research sought to find out the respondents' agreement level with statements that relate to employee low morale. According to the findings as shown in table 4.7, the respondents agreed that lack of induction and investment in their skills, had a negative influence over the attitudes they had concerning security and the best way to perform their duties as shown by a mean of 4.4, the respondents agreed that short time workers had a higher turnover rate and also may pose a security risk as shown by a mean of 3.9, the respondents agreed that short time and core employees work side by side on the same job, but under different compensation and benefits terms as shown by a mean of 3.8, the respondents agreed that short time workers may not get the same training, thereby affecting the risk level in some jobs and reducing their morale at work as shown by a mean of 3.7, the respondents agreed that many short time workers lacked commitment to the organization when compared to core workers as shown by a mean of 3.6 and the respondents agreed that short

term employees had been used to substitute for employees who were on leave, to fill in for a short time while the company screened applicants to hire a new core employee, and to expand a company's short-term ability to handle an increased volume in jobs that were peripheral to core activities as shown by a mean of 3.5. From the findings, it can be deduced that the respondents agreed with all the statements relating to low morale as an impact of short term contract in Kenya Forest Service. However, the statement that lack of induction and investment in their skills might have a negative influence over the attitudes they had concerning security and the best way to perform their duties ranked first. The findings concurs with those of Bourhis and Wils, (2001) that Short term contract can have an impact on morale in an organization because both short time and core employees may be working side by side on the same job, but under different compensation and benefits terms.

The research sought to find out the extent that short term employment affected employee productivity in the organization. According to the findings as represented in figure 4.5, 40% of the respondents indicated that short term employment affected employee productivity in the organization to a very great extent, 30% of the respondents indicated that short term employment affected employee productivity in the organization to a great extent, 23% of the respondents indicated that short term employment affected employee productivity in the organization to a moderate extent and 7% of the respondents indicated that short term employment affected employee productivity in the organization to a little extent. It can therefore be deduced that short term employment significantly affected employee productivity in the organization. Parker (1994) also came up with a similar conclusion. The research sought to find out the respondents' agreement level with statements on the effect of short term employment on employee productivity.

According to the findings in table 4.8, the respondents strongly agreed that short term workers exhibited lower levels of continuance commitment toward the client firm than do permanent employees in whom the firm's investment is not similarly restricted as shown by a mean of 4.7, the respondents agreed that client firms also allocated fewer resources to training and socializing short term workers than to permanent employees as shown by a mean of 4.0, the respondents agreed that temporary workers work on average for less hours per week compared to their permanent counterparts as shown by a mean of 3.8 and the respondents were neutral that a unit of labour performed by a temporary worker risks producing a lower result than a unit of labour performed by a permanent worker with experience in the productive process as shown by a mean of 3.3. Hence it can be deduced that the respondents were in agreement with statements that short term workers exhibited lower levels of continuance commitment toward the client firm than do permanent employees in whom the firm's investment is not similarly restricted, client firms also allocated fewer resources to training and socializing short term workers than to permanent employees and that temporary workers work on average for less hours per week compared to their permanent counterparts. This concurs with findings by Wiens-Tuers and Hill (2002) that client firms allocate fewer resources to training and socializing temporary workers than to permanent employees which reduces employee productivity.

## How short-term employment affect productivity of staff and the organization

The research further sought to find out how short-term employments affected productivity of staff in the organization. Findings on this subject were collected through an open ended question in the questionnaire. The responses were noted, summarized and reported. According to the findings, the respondents indicated that shortterm employment affected productivity of staff in the organization since a lot of time and effort was used in training new employees as their turnover was high. The research also noted that the very nature of temporary employment increases feelings of divided allegiance on the part of temporary workers. Feldman (1990) noted that the very nature of temporary employment increases feelings of divided loyalty on the part of temporary workers. This reduces their level of commitment and hence their productivity. In addition, temporary workers worked on average fewer hours per week compared to permanent ones because in most cases they were allocated less involving duties compared to permanent workers.

### How Kenya Forest Service was coping with the challenges posed by short term employment

Findings on this subject were collected through an open ended question. To cope with the challenges of short term employment, the study found out that Kenya Forest Service was implementing the following measures: absorbing the temporary employees to permanent employment whenever an opportunity arose matching the existing competencies, providing on the job training to short-term employees to equip them with skills so that they could be more productive and frequently reviewed the compensation and benefits terms for staff under short term contracts.

## Trends in human resource management in Kenya with regard to short term employment

Findings on this subject were collected through an open ended question and also from secondary data (newspaper). The study found that in Kenya Forest Service and Kenya in general, the use of temporary workers was on the increase due to the need to cut down on cost of doing business as a result of difficult economic situations facing the country and global competition.

According to Mwaura Kimani (2010), millions of Kenyan youths joined the ranks of the working poor in the past five years as employers turned to temporary or contractual jobs to cut costs – stalling the social progress that usually comes with employment. Temporary employment, which comes without key benefits such as pension, health insurance or access to loan facilities, has left the majority of young people either underemployed or underpaid locking them up in the bottom quarter of the social pyramid. Kenya has had one the most flexible labor markets in Africa since the country embarked on economic liberalization in the early 1990s. Market data, however, shows that deregulation deepened in the past five years resulting in a steep rise in the number of part-time, contract, and out-sourced workers with serious ramifications on the social front. Official statistics show that casual employment grew by 13 per cent last year compared to a five per cent growth in 2007, reflecting increasing preference for casuals. Regular employment dipped 2.9 per cent during the same period. This trend has seen the proportion of casual workers in the formal sector of the economy increase gradually from 17.9 per cent in 2000 to 32.2 per cent last year (Mwaura Kimani, 2010).

# Summary of the findings, conclusions and recommendations

This chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The main objective of this study was to determine the impact and challenges of hiring staff on short term employment contract to an organization.

## **Summary of the Findings**

### Effects of Hiring Staff on Short Term Employment to an Organization

#### **Unscheduled Turnover**

It was found out that short term employment resulted to unscheduled turnover at Kenya Forest Service to a great extent. This concurs with findings by Breaugh and Starke, (2000), who noted that firms that make extensive use of the short term labor market may also experience higher than necessary levels of unscheduled turnover when they fail to cope with human asset management dilemmas peculiar to short term workers.

#### Low Morale

On this subject, it was found out that the respondents agreed with all the statements in the questionnaire relating to low morale as an effect of short term contract in Kenya Forest Service. However, the statement that lack of induction and investment in their skills might have a negative influence over the attitudes they had concerning security and the best way to perform their duties ranked first. The findings concurs with those of Bourhis and Wils, (2001) that Short term contract can have an effect on morale in an organization because both short time and core employees may be working side by side on the same job, but under different compensation and benefits terms.

### **Employee Productivity**

From the findings it was revealed that short term employment affected employee productivity in the Kenya Forest Service to a very great extent. Short-term employment affected productivity of staff in the firm since a lot of time was used training the new employees given that turnover of the short term employment was high. Short term workers exhibited lower levels of continuance commitment toward the client firm than do permanent employees in whom the firm's investment was not similarly restricted as shown by a mean of 4.7 in table 4.8 of chapter four. The findings were in agreement with those of Feldman (1990) and Parker (1994) that temporary employment increases feelings of divided allegiance on the part of temporary workers which reduces their productivity at work.

# How short-term employment affect productivity of staff and the organization

Short-term employment affected productivity of staff in the organization since a lot of time and effort was used in training new employees as their turnover was high. The research also noted that the very nature of temporary employment increases feelings of divided allegiance on the part of temporary workers.

This reduces their level of commitment and hence their productivity. In addition, temporary workers worked on average fewer hours per week compared to permanent ones because in most cases they were allocated less involving duties compared to permanent workers. This was in line with Segal (1996).

# How Kenya Forest Service was coping with the challenges posed by short term employment

To cope with the challenges of short term employment, the study found that Kenya Forest Service was implementing the following measures: absorbing the temporary employees to permanent employment whenever a suitable opportunity arose, providing on the job training to short-term employees to equip them with skills so that they could be more productive and reviewing the compensation and benefits terms for staff under short term contracts.

### Trends in human resource management in Kenya with regard to short term employment

The study found that in Kenya Forest Service and Kenya in general, the use of temporary workers was on the increase due to the need to cut down on cost of doing business as a result of difficult economic situations facing the country. According to Mwaura Kimani (2010), millions of Kenyan youths joined the ranks of the working poor in the past five years as employers turned to temporary or contractual jobs to cut costs – stalling the social progress that usually comes with employment. Official statistics show that temporary employment grew by 13 per cent last year compared to a five per cent growth in 2007, reflecting increasing preference for temporary workers. Regular employment dipped 2.9 per cent during the same period. This trend has seen the proportion of temporary workers in the formal sector of the economy increase gradually from 17.9 per cent in 2000 to 32.2 per cent last year.

## Conclusion

To a great extent, it can be concluded that the study achieved its objectives as outlined in Chapter one. The study also concludes that short term employment results to: unscheduled turnover in an organization, low staff morale and low productivity. Short-term employment affected productivity of staff in the organization since a lot of time and effort was used in training new employees as their turnover was high. The research also noted that the very nature of temporary employment increases feelings of divided allegiance on the part of temporary workers. This reduces their level of commitment and hence their productivity. To cope with the effects of short term employment, the study found that Kenya Forest Service was implementing the following measures: gradually absorbing the temporary employees to permanent employment whenever suitable openings arose, provided on job trainings to short-term employees to equip them with skills so that they could be more productive and frequently reviewed the compensation and benefits terms for staff under short term contracts. The study found that in Kenya Forest Service and Kenya in general, the use of temporary workers was on the increase due to the need to cut down on costs of doing business as a result of difficult economic situations facing the country and to competitively do business globally.

### **Policy recommendations**

The study recommends that the firms adopt short term employment in times of economic difficulty since short term employees could always be laid off at minimum costs. This would help organizations in enjoying the benefits of reduction of recruitment costs since they would also spend less in terms of salary and benefits. However, the study also recommends that the firms implement proper human asset management practices to reduce high rates of unscheduled turnover for example by integrating temporary workers into the firm. It is further recommended that the firms should offer induction and investment in skills of short term employees by training them in order to increase their productivity in the organization and alleviate their motivational levels. This would help and enhance the short term employees' commitment to their work. Given the increasing tendency by employers to use short term employment to reduce labour costs, opportunities for abusing short term labour abound. To curb this, there is a need to organize short-term contract workers, make sure they are represented by workers' organizations and included in the collective bargaining process and agreements. If workers are subcontracted or contracted on a short-term and individual basis, the rights of these workers are compromised. It is very difficult to organize these workers and therefore they often lose their bargaining power hence the need for collective agreements.

#### **Recommendation for Further Studies**

This study has reviewed the effects of short term employment contract at Kenya Forest Service.

To this end therefore the same study should be carried out in other organizations to find out if the same results will be obtained. In addition, the study focused on forestry industry thus a further study needs to be carried out in other industries and results compared.

### **Limitations of the Study**

The Researcher encountered various limitations that were likely to hinder access to information sought for the study. First of all, the Researcher encountered a challenge of time constraint as the research was being undertaken within a short period with limited time for doing a wider research. However, the researcher countered the limitation by carrying out the research across the selected population of Kenya Forest Service which enabled generalization of the study findings to establish the effects of short term employment contract on an organization. The respondents approached were reluctant in giving information as this was a very sensitive subject. They feared that the information they gave would be used to victimize them. However, the Researcher handled the problem by carrying an introduction letter from the University, an Internal Memorandum approval authorizing questionnaires circulation to staff in Kenya Forest Service together with a research permit from the Ministry of Higher Education's National Council for Science and Technology (NCST) and assured the respondents that the information they gave was to be treated confidentially and used purely for academic purposes.

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