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Introduction

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The continuing search for competitive advantage, the opportunities offered by information technologies, and the need to operate in a context of rapid and continuous change have led firms to seek new ways of organizing work and employment (Pfeffer and Baron, 1988). One manifestation of this has been the growth in employment flexibility. Recent decades have seen a steady increase in part-time working, in subcontracting, and in various forms of temporary employment in most advanced industrial countries (OECD, 2002). While much of this growth has been driven by employers and the growth of the service economy, it has also suited some workers. For example, with more women in the workforce and an increasing interest in work–life balance, the opportunity to work part-time has often been welcomed (Barling and Gallagher, 1996; Conway and Briner, 2002*a*). The growth of knowledge work has meant that some people value the independence that contract work offers, so that a temporary employment contract can become the contract of choice (Barley and Kunda, 2004).

Despite a growing acceptance that flexible employment is likely to be a persisting and significant feature of contemporary work, we have no clear idea about how it affects the satisfaction and well-being of workers. The traditional assumption, still held by some policy-makers in Europe, is that workers experiencing flexible employment are a disadvantaged minority who need protection. This contrasts with the growing literature about those who have been described as 'free workers' (Knell, 2000) and 'boundaryless workers' (Arthur and Rousseau, 1996), whose loyalty is to themselves and their knowledge, and those who value the independence of flexible employment. It is possible that as flexible employment becomes more commonplace, it becomes more acceptable to workers. On the other hand, there is the fear that as it becomes more prevalent, it opens the door to greater exploitation of workers by unscrupulous employers. Such fears have led to action at

a European level to control fixed-term employment and to calls, reflected in the Temporary (Agency) Workers Directive, for greater employment rights for those working for temporary agencies.

With so many uncertainties, untested assumptions, and unresolved questions about how workers respond to, and are affected by, flexible employment, there is a need for a stronger evidence base around which to build policy and practice. This book sets out to explore how workers in different countries and different employment sectors are affected by flexible employment and more specifically by the various forms of temporary employment. From a worker's perspective, temporary employment, with its implied uncertainties about continuity of employment, is perhaps the most precarious form of employment flexibility and is therefore the most likely to have an impact upon workers' well-being. By comparing developments and experiences across a number of countries and sectors, we can gain a better idea of the nature, pervasiveness, and impact of temporary employment.

Analysis of employment experiences requires a clear conceptual and analytic framework. For this study, we use as a core organizing framework the employment relationship explored through the lens of the psychological contract (Rousseau, 1995, 2005; Guest, 2004*b*). This recognizes that employment involves an exchange that is partly captured in the formal employment contract but that inevitably goes further to cover more informal and implicit issues and understandings. There is good reason to believe that these will differ for temporary and permanent workers. We therefore need to compare their experiences of the employment relationship and to explore the causes and consequences of any differences. Since flexible employment and the use of temporary contracts is usually initiated by employers and popularly considered to benefit them, possibly at the expense of temporary workers, it will be particularly important to consider the consequences for the well-being of those in temporary employment. The well-being of temporary workers, broadly defined to cover aspects of their experience at work as well as outside work, and reflected partly in their physical and psychological health, is therefore one of the central themes of this book.

The notion of the employment relationship and of an exchange implies that there are two parties to the contract; it will be important to consider the psychological contract and the 'deal' it implies from the perspective of both the worker and the employer, since the employer's assumptions about temporary workers will have a bearing on how these workers are treated. We therefore explore the psychological contract from the perspective of both employer and worker and consider the promises and obligations of each. Since it is still relatively rare for studies of the psychological contract to explore issues from the perspectives of both parties, this book will make

a contribution by broadening and deepening our understanding of psychological contracts.

A preliminary analysis reveals that the growth of flexible employment, and temporary employment in particular, has been uneven across advanced industrial countries (De Cuyper, Isaksson, and De Witte, 2005). While there is a general assumption that temporary employment has been growing, even within Europe this is not a consistent trend across all countries. Furthermore, the form that temporary employment takes, such as the use of agency workers or fixed-term contracts, also varies considerably (Koene, Pauuwe, and Groenewegen, 2004). National institutional factors including employment legislation, labour markets, education systems, and family and cultural traditions are likely to play a part in shaping the nature of flexible employment. A central feature of this study is therefore a comparative analysis across a number of countries that seeks to take account of national institutional factors in explaining variations in practices and in their consequences for worker well-being.

This opening chapter sets the context for the study. The following section outlines the reasons for the growth of interest in flexible employment and in temporary contracts in particular, and describes the presence of temporary employment in different countries. Further sections present the core analytic framework that informs the book, based on the psychological contract, and introduce the concept of worker well-being which, we argue, is an important outcome of the employment relationship. The final section outlines the logic and content of the book.

The growth of flexible employment and temporary contracts

Peter Cappelli, at the start of his influential book *The New Deal at Work*, asserts that

> Most observers of the corporate world believe that the traditional relationship between employer and employee is gone, but that there is little understanding of why it ended and even less about what is replacing that relationship. (Cappelli, 1999, p. 1)

While some of us would not agree that in all work settings the traditional relationship has gone, we can acknowledge that it is under considerable pressure. Furthermore, Cappelli and others (see e.g. De Cuyper, Isaksson, and De Witte, 2005) provide a consistent set of clues about why the relationship has been changing.

Most observers will cite the growth of international trade and competition and the impact of new technology as key factors affecting changes in the

traditional employment relationship. These developments have put pressure on costs and in particular on labour as a fixed cost. To place themselves in a more favourable position in the competitive market, firms will seek to reduce the fixed cost of labour by introducing various forms of flexible employment. Recent years have also witnessed an expansion of the international labour market and Europe has been experiencing a massive increase in labour migration, mainly from east to west, following the accession of a number of East European countries to the European community. Much of this migration is short term, and both encourages and facilitates the use of temporary employment. It is also deeply susceptible to the rapid changes in the global economic climate that occurred abruptly in 2008.

Further pressure on costs and, in turn, on the traditional employment relationship has come from the growing power of shareholders and financial markets that has contributed to the rising number of mergers and takeovers. One consequence is that in a world where even successful organizations become susceptible to takeover, traditional job security can easily be eroded. The dramatic economic downturn that started in 2008 provides further evidence of the transient nature of job security.

If competitive pressures create a need for employment flexibility, new technologies create the means to put it into practice by facilitating forms of flexibility such as subcontracting and distanced working. The opportunities created by new information technologies for global communication and for more effective and timely monitoring and control of performance have greatly contributed to the opportunity to pursue flexible employment. One of the more obvious examples of this has been the growth of call centres located where there is suitable and available cheap labour (Deery and Kinnie, 2004). Another is the opportunity to work from home or in remote offices. Communication technologies enable employers to monitor, control, and maintain contact with workers, irrespective of their location and employment status.

New technology is closely associated with the growth of the knowledge worker. Knowledge work shares qualities with traditional professional work in so far as the primary allegiance of knowledge workers will often be to their specialist knowledge rather than to the organization in which it is applied. This has helped to advance the concept of the boundaryless worker who possesses transportable knowledge and expertise that is nevertheless likely to be in demand by organizations (Arthur and Rousseau, 1996). An organization may seek this expertise for only short periods, for example, because they have only occasional need for legal, project management, or counselling expertise; and the knowledge worker may prefer the independence of choosing where and when to work. There may therefore be advantages for both parties in using fixed-term or temporary employment arrangements.

Temporary employment arrangements wherein workers deliberately opt for this type of employment have been glamorized through the concept of the 'free worker' (Knell, 2000) and the operation of distinctive high-technology labour markets such as Silicon Valley in California (Saxenian, 1990). Barley and Kunda (2004) have provided a vivid picture of the experiences of a group of technical workers engaged in this type of employment. While most of those they studied had adjusted to and come to see the benefits of their employment circumstances, very few had actively sought it. In other words, temporary employment or self-employment had often been forced upon them and at the time when they embarked upon it, it was rarely their contract of choice. A UK study (Guest and Sturges, 2007) found that workers who displayed a preference for a boundaryless career and adopted a boundaryless career pattern of employment were nevertheless typically rather restless and relatively less satisfied than those with more traditional career patterns and preferences. The emerging picture of the experiences of boundaryless knowledge workers and the consequences of such work for satisfaction and well-being is therefore mixed.

Another key change in the workforce has been the growing proportion of women and of those such as students or the semi-retired who by choice are not seeking permanent employment. The need to attract staff, particularly in parts of the service sector that operate on or close to a 24/7 basis, has meant that firms need to accommodate to the needs of both the market and the workforce by developing complex part-time and shift arrangements, sometimes using on-call and agency workers to staff the peaks in demand. Retail stores, with their weekend opening and extra demand around times such as the lead up to Christmas and the sales periods, are examples of organizations that can only survive through the use of flexible employment patterns.

In summary, there are competitive pressures that create a need for organizations to engage in employment flexibility; technology has made it more feasible to engage in employment flexibility; and the changing nature of work and the workforce has created a demand among some employees for flexible employment. For many organizations, flexible employment is just one part of a process of what has become more or less permanent change. Peters (1987), in his depiction of permanent revolution in the workplace and 'a world turned upside down', has described circumstances that are increasingly familiar. Beyond the pressures from and the unpredictability of the market, employers also have to deal with a growth in regulation and allied initiatives from governments. All this reinforces the need for flexibility and the capacity to adjust rapidly to changing circumstances.

Views about the consequences of the growth of flexible employment for organizations and for individuals have been very mixed. Atkinson (1984),

using a model of the flexible firm, supported by Handy (1989) and others, has presented flexibility as an opportunity for firms and has outlined the characteristics of the flexible firm with a core of key permanent staff and a periphery of more loosely attached workers. Williamson and others (Williamson, 1975; Boxall and Purcell, 2008), using transaction cost economics, have argued that generic and easily replaceable skills and infrequently required skills might be more efficiently managed through external contracts rather than permanent employment. Building on this perspective but incorporating elements of human capital theory, Lepak and Snell (1999) have developed a more sophisticated contingency model that advocates four kinds of employment relationship, including one that emphasizes contingent work, and they view their framework as an opportunity for more effective workforce management. A preliminary test of this model reported by Peel and Boxall (2005) provided some support for it but implied a need to give more weight to the frequency of skill use and to the need for financial flexibility in understanding reasons for the use of contracting and temporary employment. Cappelli (1999) cautions that under flexible employment conditions, firms face potentially daunting new challenges in dealing with issues of skill enhancement, commitment, and retention, while Purcell (1999) notes the problems firms face in defining what is core or peripheral activity. As with so many other developments, flexible employment provides employers with both new opportunities and new challenges.

From a worker's perspective, optimists such as Handy (1989) and Bridges (1995), perhaps focusing on professional and knowledge workers in particular, believe that we are seeing the emergence of new networks of independent and 'free' workers who can engage in multiple roles while maintaining an appropriate degree of autonomy. In contrast, Pollert (1991), among many others, has been concerned that flexibility reduces the bargaining power of workers and their unions. Burchell, Lapido, and Wilkinson (2002) and De Witte (2005) are among those who have voiced concerns that employment flexibility enhances job insecurity. Drawing on a broader canvas, Beck (2000) has presented a depressing scenario in which flexible employment will sharpen the divide between the 'haves' and the 'have-nots'; and there is evidence from the growing disparity in the incomes of the rich and poor in the United States, the United Kingdom, and some other European countries to support his case. Beck's analysis also highlights how temporary employment, in particular, shifts the risk from the employer to the worker, altering the balance of the exchange in the employment relationship.

In Europe, the social partners have been concerned about the growth of flexible employment. Although for many years the level of unemployment in Europe has been a major concern, the Lisbon Declaration of 2000 signalled a

shift towards a focus on the content of jobs when it called for 'more and better jobs'. At the same time, the permanent full-time job appears to have remained as the template for the ideal model of employment. It is with this in mind that legislation has been enacted at a European level to restrict working hours and to limit the duration of fixed-term contracts. Further legislation in the form of the Temporary (Agency) Workers Directive should help to ensure that temporary agency workers receive the same basic employment conditions comparable to permanent workers. An illustration of a step in this direction can be found in Sweden where for some time most agency workers have a permanent contract with their agency. While there is always a powerful case for ensuring the protection of potentially vulnerable workers, the pressures outlined above make the retention of the permanent full-time job as the template for the ideal form of employment less feasible.

There are signs of some new policy initiatives in Europe designed to address the growth of flexible working by seeking to meet the needs of industry, workers, and society. This is being increasingly described as 'flexicurity'. It consists of a set of policies intended to combine flexible labour markets and working arrangements with greater employment security as well as financial security for those on the margins of employment. A key characteristic of 'flexicurity' is that it recognizes that flexible working, including temporary employment, is likely to be a long-standing feature of the labour market.

Analysing flexible employment

Flexibility at work can take a variety of forms. Since we are mainly interested in flexible employment and more specifically in flexible employment contracts, we will not be addressing issues of flexible reward systems or flexibility in the design and allocation of work. We will also not be discussing the increasingly important issue of subcontracted work. There has been a growing body of research exploring the impact of subcontracting of call centre work to countries such as India (Deery and Kinnie, 2004). However most call centre workers are as likely as any others to have permanent contracts and the key issues of concern in the exploration of call centre working have focused on job design, systems of monitoring and control, and off-shoring of work.

Flexible employment can be described along the dimensions of hours, contract, and location. Flexible hours include part-time working, overtime and other forms of extended hours, varying shift and on-call patterns of work, and arrangements that provide for annual hours and some flexibility about when these hours are worked. The geographical dimension concerns where the work takes place. There has been much interest in home-working,

although the major growth may be in the opportunity to do some work from home rather than being permanently home-based. There are also likely to be major variations, particularly for sales and service staff, in the time spent away from their main office base. Contract flexibility draws the main contrast between those on permanent and temporary contracts and we develop this in more detail below. One issue that needs to be taken into account is the increasing scope for contractual and legally supported rights to time off work for permanent employees such as maternity leave and, increasingly, sabbaticals and other types of break from work. Allied to this, we are likely to see a growing interest in flexible retirement patterns, long established in the United States and more recently facilitated in pan-European legislation.

Our major concern in this book is with temporary employment. There are a number of reasons for this. Firstly, it appears to have been an increasingly common pattern of employment in a number of advanced industrial countries but has received relatively limited research attention. We need to improve our understanding of why employers hire temporary workers and how far they set out to treat them differently from permanent workers. Secondly, as the proposed European directive implies, it is seen as a form of employment that potentially holds significant disadvantages for some employees. As marginal workers, they may sometimes fall outside the protection offered by collective agreements and the support of trade unions. We therefore need to explore how far the experience of temporary working affects well-being. Thirdly, we have only a very limited understanding of why workers accept temporary employment and the extent to which this choice is made from a position of weakness or strength in the labour market. We need to develop a better understanding of the extent to which workers feel forced into temporary employment or choose it as their preferred option and why. Finally, there are questions about how far other factors, such as being in job of choice or experiencing challenging work compensate for the possible costs of temporary employment. In this context, research by Aronsson and Goransson (1999) has suggested that workers' satisfaction and well-being may be as much affected by being in the occupation and job of choice as being on the employment contract of choice.

Before we turn to the specific focus of the research reported in this book, it is important to note that although there is a general assumption that flexible employment is on the increase, we should be careful not to overstate its adoption. This applies in particular to temporary employment. There are some problems in defining temporary work, a point we return to later in this chapter, but, allowing for this, it appears that across Europe about 14 per cent of the workforce are employed on temporary contracts and this figure is not rising. The average hides considerable variation. In 2005, when we were

undertaking the research reported in this book, the figure among the countries in the study ranged between 5.5 per cent in the United Kingdom and 33.3 per cent in Spain (OECD, 2006), suggesting that any analysis needs to take into account national differences in economic, political, and social factors. Although 14 per cent may not seem large, it nevertheless includes many millions of workers who are often considered to be in precarious employment and therefore potentially vulnerable and this justifies a particular focus on their experiences and well-being. With this in mind, we turn to the analytic framework that informed our research.

THE ANALYTIC FRAMEWORK FOR THE STUDY

The analytic model that informs our research is set out in Figure 1.1. This has four core sets of variables. Firstly, there are a range of background or control variables that are included because we believe they may have an influence on employment contracts, the psychological contract, and employee well-being. Secondly, there is the key independent variable that forms the central focus of our study, namely, the nature of the formal employment contract, with a major broad distinction between permanent and temporary contracts. Thirdly, there are a set of intervening variables that might affect the relationship between the independent and control variables and possible outcomes. At the heart of these is the psychological contract but we have also included a range of additional variables that have been identified in previous research as having a significant role to play in shaping worker well-being. Finally, there are a variety of outcomes that centre on aspects of employee well-being but extend to a broader range of attitudes and behaviour.

The background or control variables

There are four levels at which background factors can be considered. The first is the national level. Institutional and cultural factors are likely to affect the presence of temporary employment in each country, how temporary employment is experienced, and how it is regarded. In their analysis of the varied pattern of growth of temporary employment agency work across European countries, Koene, Paauwe, and Groenewegen (2004: 69) conclude that 'the growing use of agency work over the past two decades is not just an economic and numerical fact, but also reflects a normative change in the societal attitude towards temporary work'. We need to take into account

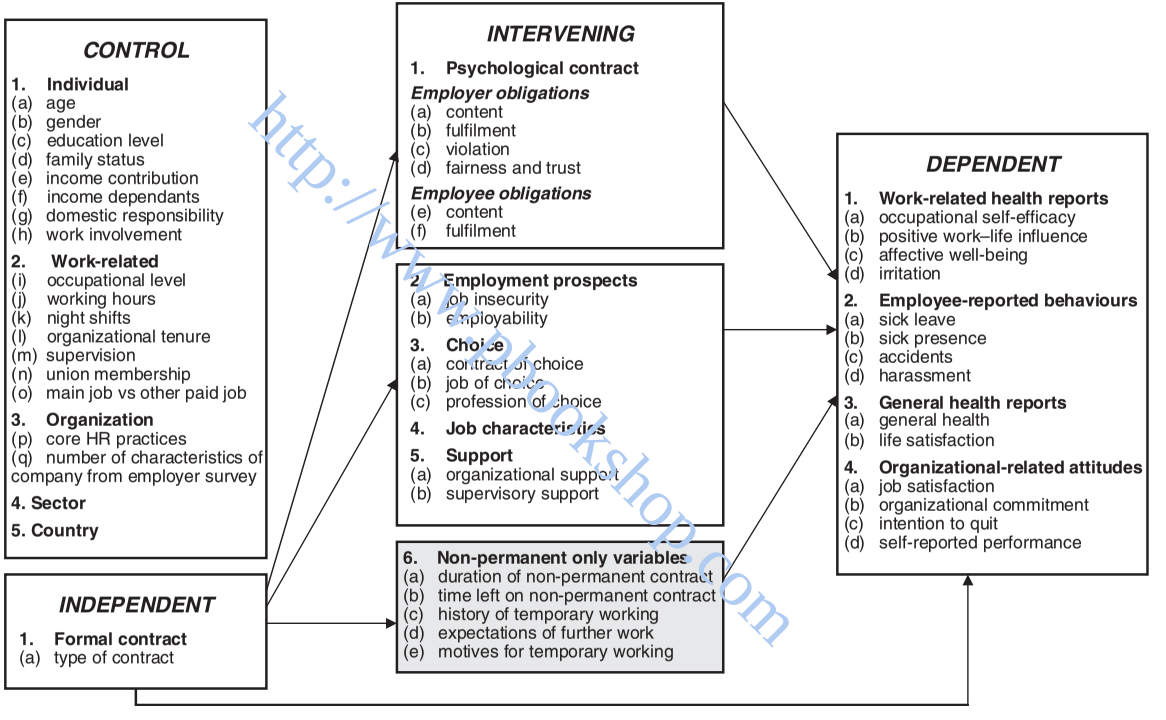

Figure 1.1 The Psycones analytic framework

possible differences in these societal attitudes across countries by including a number of countries in the research.

The second level is the employment sector. The nature of the work in different sectors and the labour market associated with each sector are likely to affect the requirement for temporary employment and how it is experienced. For example, the requirements of a relatively stable manufacturing environment and a more volatile retail sector might lead to differing use of temporary workers. Sectors such as agriculture and hotels and catering are more susceptible to seasonal fluctuations in demand for labour and may therefore be more predisposed to employ some workers on a temporary basis. To address these issues the research therefore needs to cover a number of distinctively different sectors.

The third level that needs to be addressed is the organization. We need to understand why organizations employ temporary workers, the kinds of roles in which they are deployed, how they are regarded by employers, and how this affects the ways in which temporary workers are treated. Features of the organizational context are also likely to affect the experience of being a temporary worker. The presence of a trade union might ensure better treatment; the same may be the case in organizations where more advanced human resource practices are widely applied so that practices that are adopted for permanent workers, such as access to training and development and feedback on their performance, are extended to temporary workers as well.

The final level of analysis is the individual worker. Temporary work may suit some people but not others. It will therefore be important to consider a range of background factors such as qualifications, family income obligations, and dependent relationships that may have a bearing on this. We will also need to link these to motives for undertaking temporary employment. Indeed, the issue of motives is likely to be sufficiently important to merit specific analysis in its own right. This is reflected in the location of motives for temporary employment within the analytic model. Other factors at the individual level that might affect reactions to temporary employment and also have a bearing on well-being, and therefore need to be considered in the analysis, include work-related experiences such as working hours, any shift-working, level in the organization, any supervisory responsibilities, and tenure with the organization.

While all these background factors at the country, sector, organizational, and individual level serve as control variables to enable us to assess the independent impact of the employment contract, they also inform the extent and form of temporary working. They are therefore of interest in their own right, not least because some have potentially important policy implications. As Peel and Boxall (2005) have argued, it is particularly

important to understand the basis for management decisions about employing temporary workers and to consider how far they seek arrangements that are mutually beneficial to both workers and organizations. This highlights the need to collect information on the features of background and context from both employers and employees. In the chapters that follow, we will take into account how the various background factors affect the employment contract, the psychological contract, and aspects of well-being.

Employment contracts

The key independent variable in our study is the employment contract and in particular the distinction between temporary and permanent contracts. As noted earlier, the concept of standard employment, defined in terms of full-time, permanent employment with a single employer, is growing less tenable with the growth of flexible forms of employment. Any deviation from this towards part-time working or multiple job holding is still defined as atypical. When the contract is temporary, the employment attracts other labels such as 'contingent', 'precarious', or 'casual'. The role of the self-employed complicates the picture still further. In the United States, they may be regarded as temporary workers (Connelly and Gallagher, 2004), but in Europe, their position is less clear-cut.

For practical purposes, the Eurostat/OECD definition of temporary employment appears to provide a useful point of departure. It states that:

> A job may be regarded as temporary if it is understood by both employer and employee that the termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or return of another employee who has been temporarily replaced. (Eurostat, 1996, p. 45)

This definition emphasizes the nature of the relationship rather than the employment status of those holding the temporary job. Some problems remain since, for example, it includes consultancy activities that may be carried out by permanent employees of a major consultancy, or by a self-employed consultant, or by an individual who is hired as a temporary employee of the organization. If we adapt this definition to treat 'job' as a synonym for 'employment', then we come close to an acceptable definition of temporary employment, at least from the perspective of the individual worker. In doing so, we exclude the self-employed since they maintain that employment status even when they are not undertaking a specific job or assignment. We will therefore accept the Eurostat/OECD definition of temporary employment with the proviso that 'employment' is substituted for

'a job' at the start of the definition. While this definition provides a basis for comparisons across countries and organizations and is a useful starting point, we should recognize that national differences in legislation, including legislation about the rights of permanent, temporary, and self-employed workers, make highly specific and finely grained consistent comparisons almost impossible.

While the OECD definition offers a broad understanding of the distinction between temporary and permanent contracts, it does not provide any clues to the range of possible forms of temporary employment. For example, it is possible to be employed directly by an employer or through an agency and to be employed on an open-ended contract or on one of fixed duration. There are also a range of temporary contracts that arise as a result of probationary periods, training arrangements, or national job creation schemes. Arriving at a systematic classification of these presents a daunting task. The problem may be further exacerbated by national differences in some of the definitions such as the distinction between a probationary contract and a fixed-term contract. Any employment through an agency is commonly regarded as temporary employment and fits the OECD definition; but it breaks down when the worker has a permanent contract with the agency. Those employed by consultants and by subcontractors may appear from the perspective of an organization to be temporary, and the relationship is maintained only until the end of an assignment. But the worker may have a permanent contract with their employer.

For the purposes of this study, we draw three main distinctions. Firstly, we distinguish whether the employment is through an agency or directly with an organization. Secondly, we distinguish whether the contract is open-ended or of a fixed term. Thirdly, we distinguish the basis for the employment. This third category is the most problematic. However, it is possible to differentiate

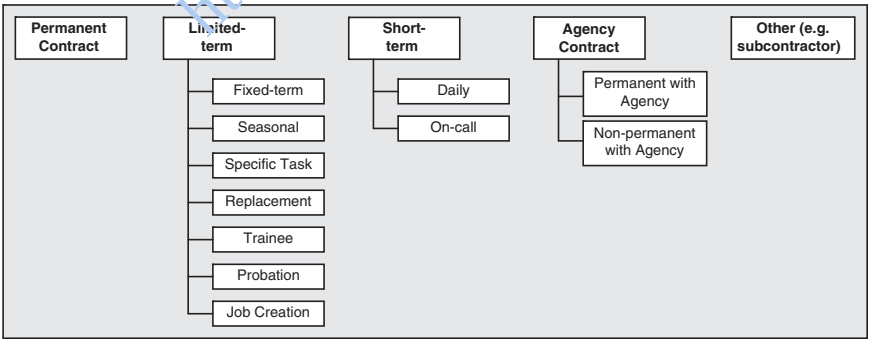

Figure 1.2 Types of employment contract

temporary contracts introduced to fill a short-term requirement, including seasonal jobs and provision of cover for absent workers, from contracts created to develop and assess competence such as trainee, probationary, and job creation scheme positions. It is also possible to differentiate temporary employment that is one-off in nature, such as providing cover for a specific maternity leave or assisting in a specific project, from more indeterminate but very short-term arrangements, such as providing on-call or daily cover to deal with unpredictable variations in demand. Yet in services such as teaching or home care, very short-term temporary contracts of this nature may be on the increase. These distinctions are set out in Figure 1.2.

An important implication of the preceding analysis is that we should recognize temporary employment as potentially heterogeneous. The reasons for undertaking it and therefore the characteristics of those engaging in it may be very different depending on the type of temporary employment arrangement. The choices are also likely to be determined by national employment institutions and the requirements of employers. Therefore, in our analysis, we distinguish between the different types of temporary contracts as well as take account of national, sectoral, organizational, and individual circumstances that might play a part in determining their prevalence and their impact on worker well-being.

Intervening variables

The model in Figure 1.1 suggests that a range of factors above and beyond the type of employment contract is likely to determine worker well-being and other worker attitudes and behaviours. Furthermore, reviews of the literature on temporary work (see e.g. Connelly and Gallagher, 2004; De Cuyper et al., 2008; Guest, 2004*a*) identify a number of potentially important variables that are likely to affect the impact of temporary employment on worker well-being including employment prospects, preferred choice of employment contract, job content, organizational support, and, as a central feature of the analysis, the psychological contract.

Employment prospects

In our analysis, employment prospects are concerned with two interrelated issues. One is perceived job insecurity and the other is perceived employability. Job insecurity is widely cited as a problem of temporary employment and there is strong evidence that they are associated (De Witte and Naswall, 2003; Parker et al., 2002; Sverke, Gallagher, and Hellgren, 2000). Not all the

evidence supports this association; for example, Pearce and Randel (1998) found no differences in levels of job security between permanent and temporary US aerospace industry workers. Nevertheless, the evidence overwhelmingly supports an association and it is widely acknowledged that job insecurity reduces employee well-being (see e.g. De Witte, 1999; Sverke, Hellgren, and Naswall, 2002). Therefore, in so far as job insecurity is associated with temporary employment, it could explain any negative consequences of temporary contracts. Employability has also been identified as an important factor in shaping the experience of temporary work (Guest and Conway, 1998). Those who are confident that they could find another job of the same or better quality are likely to be more relaxed about being in temporary employment than those who believe that they would struggle to find another job.

Contract choice

This has been identified in previous research as a key factor in shaping the experience of temporary employment (Krausz, Brandwein, and Fox, 1995; Marler, Barringer, and Milkovich, 2002). Those who, for whatever reasons, actively seek temporary work might be expected to be more positive when they are in temporary positions than those who would prefer permanent employment. The research of Aronsson and Goransson (1999) suggests that this is likely to extend to choice of job and occupation. Motives for engaging in temporary employment are perhaps best considered as part of the wider issue of choice and volition.

Job content

This has been less consistently studied in previous research on temporary employment. However, the economic arguments in favour of temporary employment (Williamson, 1985; Boxall and Purcell, 2008) suggest that routine and easily replaceable jobs are particularly suited to temporary work. At the same time, infrequently needed professional jobs might also be suitable for temporary contracts. We therefore need to consider whether workers at these potential extremes of job content respond differently to the experience of temporary work. We also need to gain a better understanding of whether temporary jobs are more constrained with respect to skill use, autonomy, and work load than permanent jobs (Parker et al. 2002). For example, we might hypothesize that temporary workers are given the more marginal, routine tasks that require less insider knowledge of networks and informal procedures. This, in turn, may influence their attitudes and behaviour.

Organizational support

Organizational support has been widely recognized as an important variable affecting satisfaction, commitment, and well-being at work. Organizational support can be defined as a feeling of being valued by an organization (Eisenberger et al., 1986). It can be complemented by the more local concept of supervisor support which addresses the extent to which an individual believes their supervisor values their contribution and cares about their well-being (Kottke and Sharafinski, 1988). These concepts are grounded in exchange theory and therefore fit well with the broad analytic model that informs our study. We include both levels of support in our model on the grounds that the extent to which newcomers to an organization and those who are only with the organization for a short period feel supported while they are in the organization seems likely to have an important bearing on their satisfaction and well-being during their employment (Eisenberger et al., 1997).

Characteristics of temporary work

For those engaged in temporary work, their experience of such work, and reactions to it are likely to be shaped in part by the specific characteristics of their employment. We therefore need to take into account the duration of the contract, the time left on the contract, previous experience of temporary employment, expectations of a contract extension, and, as noted above, the motives for engaging in temporary work. In doing so, we recognize that temporary workers are potentially a heterogeneous group with a wide range of experiences and preferences that are likely to affect their reactions to their employment status.

THE ROLE OF THE PSYCHOLOGICAL CONTRACT

The final and, for this analysis, the key intervening variable is the psychological contract, which lies at the heart of our model. The concept of the psychological contract has attracted growing attention in recent years as a useful analytic framework within which to explore the consequences for workers of changes in organization and employment. Its origins can be traced back to the 1960s and to the recognition that employment contracts, like all contracts, are only partial and that informal understandings develop that can have a major bearing on attitudes and behaviour at work (Argyris, 1960; Levinson et al.,

1962; Schein, 1965). Its reintroduction as a focus of contemporary research owes much to the work of Rousseau (1989, 1995).

Informal understandings may take the form of perceived obligations, with strong normative implications about appropriate behaviour. For example, an employee is likely to believe, as a minimum, that an employer is obliged to provide safe working conditions and an environment free from any discrimination and harassment. The employer, in turn, is entitled to expect that the employee will arrive at work at agreed times and behave honestly. Beyond these and other basic obligations, both parties may make promises, perhaps in the context of a performance appraisal or possibly in the context of asking, as a favour, to have some time off work, that create expectations and commitments. Sometimes these will be explicit, sometimes more implicit; and at other times one party will believe a promise has been made while the other party does not. There is invariably some scope for miscommunication; and a turbulent environment can often mean changes in personnel so that when a boss moves on, the implicit and informal promises will often move on with him or her. There is therefore plenty of scope for breach of the understandings that form the core of the exchange in the psychological contract.

The influential work of Rousseau (1995) has dominated much of the research on the psychological contract. She has defined the psychological contract as 'individual beliefs, shaped by the organization, regarding terms of an exchange agreement between the individual and their organization' (Rousseau, 1995: 9). This approach deliberately adopts a one-sided view, emphasizing workers' perceptions of the contract, partly on the grounds that it is inappropriate to anthropomorphize the organization. However, others have argued that if the psychological contract is to be viewed as an exchange, then it is important to consider both parties to that exchange. By the same token, the metaphor of a contract inevitably entails two parties or at least their agents, and in this context, managers can act as agents of the organization (Arnold, 1996; Guest, 1998; Coyle-Shapiro and Kessler, 2002*b*). Partly acknowledging this, some of Rousseau's more recent work has emphasized the importance of mutuality (Rousseau, 2005). Indeed, in one of Rousseau's more recent definitions, she suggests that '[p]sychological contracts are the individual belief systems held by workers and employers regarding their mutual obligations. Every employment relationship is subjectively understood and experienced by each participant—the employee, contractor, manager-employer' (Rousseau, 2005, 81). Taking these issues into account, for this study, we defined the psychological contract as '*the perceptions of both parties to the employment relationship—organization and individual—of the reciprocal promises and obligations implied in that relationship*' (Guest and Conway, 2002*b*).

Rousseau (2005) has argued that the growth of employment flexibility and the pace of change affecting organizations have meant that psychological contracts have tended to become less collective and more idiosyncratic or individual. The need to manage a range of slightly different 'deals' presents new challenges for management and also creates more scope for breaches of the psychological contract and for invidious comparisons with the deals that others may have managed to negotiate. It also means that issues of fairness and trust become more salient (Guest, 2004*b*).

McLean Parks, Kidder, and Gallagher (1998) have presented an analysis of the possible dimensions along which the psychological contracts of temporary workers might be considered. They propose seven dimensions. Two are concerned with time and address whether the contract is of short or long duration and of precise or imprecise duration. Stability is concerned with the extent to which the psychological contract is fixed or evolving. Scope is concerned with the breadth of the psychological contract. Tangibility addresses the extent to which the contract is explicitly defined and observable. This overlaps a little with the next dimension, focus, which is concerned with whether the psychological contract is more about socio-emotional, relational factors or economic, transactional factors. Finally, particularism is concerned with the extent to which what is exchanged in the psychological contract is unique and non-substitutable. Although this is a conceptual framework, it provides some useful dimensions to take into account in developing an empirical study of the psychological contracts of temporary workers. In a comparison of two case study organizations, Koene and van Riemsdijk (2005) have shown how these dimensions can be utilized to explore different approaches to human resource management and the employment of temporary workers. The dimensions also highlight the potential variability of the psychological contracts of temporary workers and provide a warning against treating temporary workers as a homogeneous group.

There are several reasons why we have chosen the psychological contract as a major analytic framework for our study of the impact of temporary employment on worker well-being. The first is that it expands the metaphor of the contract from the employment contract to the range of other issues that inform the employment relationship. This is important in a context where there is anecdotal evidence as well as a range of popular assumptions that employers may be more ready to treat temporary workers less favourably in a range of respects than their permanent employees. It therefore permits us to explore and compare the implicit and informal aspects of the employment relationship of both permanent and temporary workers.

A second reason is that the psychological contract effectively captures the exchange at the heart of the employment relationship, focusing on the

substantive issues in that exchange from the perspective of both parties. Thirdly, in focusing on the exchange at the individual level, the psychological contract is able to capture elements of the idiosyncrasy that appears to be a key feature of contemporary flexible employment in a way that is less feasible when adopting a more traditional collective perspective. At the same time, and this is a fourth argument in favour of the use of the psychological contract, it provides a framework within which to explore the contemporary employment relationship in those work settings where collective arrangements are either absent or largely dormant. If the analytic framework is extended to incorporate issues of fairness and trust, then it comes close to addressing most of the core issues in more traditional employment relations (Guest, 2004*b*).

A fifth reason for utilizing the psychological contract in this context is that its focus on the exchange between the employer and workers places the worker at the heart of this exchange. Since worker well-being is a central concern of the study, this is particularly appropriate. Finally, the way in which the psychological contract has been analysed by researchers such as Guest and Conway (1998, 2002*a*; Guest, 2004*b*), Coyle-Shapiro and Kessler (2002*a*), and others offers an analytic framework that, by setting out causal links and addressing antecedents and consequences, points to a range of policy implications and possible interventions to improve the psychological contract.

In the reviews of the evidence about the impact of temporary employment on workers' attitudes and behaviour (see e.g. Connelly and Gallagher, 2004; De Cuyper et al., 2008; Guest, 2004*a*), it emerges that there is no consistent evidence that temporary workers feel disadvantaged. Instead, much depends on the set of moderating or mediating variables that we have incorporated into our model such as contract preference and concerns about job security and employability. However none of the research to date incorporates the range of potential influences or takes account of sectoral and national factors that may help to shape the extent to which temporary work is adopted and how society views such employment. They therefore confirm that there is a need for a fuller exploration of the consequences of temporary employment, and in particular of the factors that help to determine its impact on employee outcomes. The common perception among many of those who seek to shape EU policy and legislation is that temporary employment is predominantly harmful. This may be the case; but first we need to gain a better understanding of the circumstances under which its effect on workers is likely to be negative or positive. As a final step in the analytic framework, we need to consider the nature of relevant worker outcomes. With this in mind, we turn to a discussion of worker well-being.

WORKER WELL-BEING

We have alluded several times to the concept of worker well-being. There has been a growing interest in well-being and related concepts such as happiness among social scientists. For example, in the United States and the United Kingdom, economists like Easterlin (2001) and Layard (2005) have noted the failure of job satisfaction to follow the predictions of classic economic theory and rise in line with increasing national affluence in advanced industrial societies. At a policy level, several European countries have become concerned at the rise in the proportion of workers who are absent from work or have quit work as a result of long-term mental health and stress-related problems (Jones et al., 2003; Lidwall, Marklund, and Skogman Thoursie, 2005). One of the explanations that has been offered is that the growing demands at work, allied to increasing insecurity brought about by rapid and unpredictable change, are causing many workers to feel distressed. Helliwell (2003) in a forty-country comparison of values and life satisfaction found that three of the factors likely to reduce the level of happiness in a country are being unemployed, a sense of job insecurity, and the national level of unemployment. It seems likely that workers on temporary contracts will be among the more vulnerable in such contexts. This has been the major driver behind moves within the European Union to provide greater protection for temporary workers and it is also a central focus of our study.

Danna and Griffin (1999) define well-being as 'comprising the various life/non-work satisfactions enjoyed by individuals, work-related satisfactions and general health' (p. 368). Warr (1987, 2002, 2007) suggests that well-being may be considered as general or context-specific. While our interest is primarily in work-related well-being, we are also interested in its broader implications, and Roxburgh (1996) among others has shown that there is a spillover from work-related well-being to well-being in life more generally. In his thorough review of work-related well-being and how to measure it, Warr (1987, 1990) identifies three core dimensions. These are pleasure–displeasure, which in practice means satisfaction–dissatisfaction; enthusiasm–depression; and contentment–anxiety. Responses associated with dissatisfaction, depression, and anxiety, and more particularly some combination of these, may be associated with mental health problems which are an increasingly dominant factor in long-term absence from work. Although these are different from physical health, there is some possibility of overlap between physical and mental health. Indeed, the World Health Organization definition of health is

'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity' (WHO, 1998).

This brief analysis suggests that both work-related well-being and well-being in life are multifaceted. We need measures of psychological health such as those identified by Warr; measures of life satisfaction and general health; and measures of the interface between work and life outside work, including work–life balance, that address possible spillover. Although the definitions of well-being and health cited above tend to highlight positive features and experiences, well-being at work can also be defined as freedom from mental and physical harm which suggests that well-being will be manifested in an absence of negative experiences such as accidents, bullying, and harassment and undue pressure to attend work, even when feeling unwell. Accepting this broad perspective on well-being, we will include these variables in the study. This will provide an opportunity to determine which aspects of well-being are likely to be affected by, or associated with, flexible working and more particularly temporary employment contracts. Through this we can begin to provide a more comprehensive answer to the question of whether flexible working is associated with positive or negative outcomes for those who experience it.

Although our main interest is the link between new patterns of flexible working and worker well-being, we should recognize that there is a long tradition of research in work and organizational psychology that is interested in the link between satisfaction and performance (Schneider et al., 2003; Staw, 1986). This raises the question of whether flexible working including temporary employment affects both well-being and performance. To determine this, we will need information on organizationally relevant outcomes. Some of these can be obtained from managers. Others might be measures of performance, commitment, and intention to stay as long as possible with the organization. We will therefore incorporate these into our analysis to provide a rounded picture of the impact of flexible working.

In summary, the aim of the study reported in this book is to evaluate the impact of a particular form of employment flexibility—temporary employment contracts—on worker well-being and work-related attitudes and behaviour. A closely related aim is to assess the role of the psychological contract in helping to understand the relationship between employment contracts and worker well-being. The study, which we have labelled PSYCONES (PSYchological CONtracts across Employment Situations), was funded by the European Union under its Fifth Framework Agreement. It builds on an earlier extensive pilot study supported by SALTSA (Samarbetsprogram mellan Arbetslivsinstitutet), the Swedish trade union organization.

THE STRUCTURE OF THE BOOK

Following this introductory chapter, Chapter 2 describes how we explored these issues and in particular the characteristics of the sample of workers and organizations that we studied. Since our focus is on developments within Europe and our concern is with whether country factors, including different national institutions and policies, have an impact on flexible working, we need to compare experiences in a number of different countries. We therefore included seven countries in the study. To further minimize the risk of bias, we additionally focused on three rather different sectors in each country. The result is a large study comprising over 200 organizations and over 5,000 workers of whom about one-third are employed on various kinds of temporary contract. In each organization, data were collected at both the individual and organizational levels through separate interview/questionnaire schedules. The methods of data collection are described and details of the sample are presented. Fuller information about the detailed construction and analysis of the questionnaires and measures is included in Appendix 2.

Chapter 3 explores the employers' perspective, reporting their reasons for employing temporary workers and considering the ways in which they treat temporary workers compared with permanent workers. Here, and in subsequent chapters, we set the findings in the context of the relevant literature. The findings confirm that employers use temporary workers primarily to provide flexibility, with organizational characteristics determining the type of flexible workers required. Managers report a different, more transactional relationship with temporary workers. Overall, they also report higher levels of satisfaction with the performance of temporary workers compared with permanent workers.

Chapter 4 presents the core findings comparing workers employed on temporary and permanent contracts. It covers the range of variables explored in the study including the intermediate items such as job insecurity and job content, and outcome variables such as job satisfaction, absence, the various measures of health, and subjective indictors of performance. The chapter also explores the motives for undertaking temporary employment and reports the differences between the responses of those engaged in the various types of temporary employment. On the basis of this initial comparison, and contrary to our initial assumptions, temporary workers report generally more positive attitudes and well-being.

Chapter 5 focuses specifically on the psychological contract. After developing further some of the conceptual and research issues raised in this

introductory chapter, it explores the content of the psychological contracts of temporary and permanent employees. It covers the various elements within our conceptualization of the state of the psychological contract including the extent to which promises and obligations have been met, the levels of trust and fairness, and the extent to which the psychological contract is perceived to have been breached and violated. Because the study collected perceptions of the promises and obligations of both the organization and workers as judged by both the employer and workers, there is a rich basis for comparison of breadth of promises and levels of fulfilment. This analysis reveals some imbalance in the psychological contracts of temporary workers in particular, since they generally seem to promise more to the employer than the employer offers in return and employers admit that they do not always fulfil their promises and obligations.

Chapter 6 builds on the previous chapter by analysing the causes and consequences of the psychological contract. The analysis of the determinants takes account of factors at the individual, organization, sectoral, and national levels as well as paying particular attention to the nature of the employment contract. The key finding is that even after controlling for the range of background factors, temporary workers report a more positive psychological contract. Taking the analysis a step further, the results suggest that the psychological contract partly mediates the link between employment contract and outcomes but those on temporary contracts still report a number of more positive outcomes.

Chapter 7 compares the reports of employers and workers on various aspects of the psychological contract. To date, only a very limited number of studies have collected data from both employers and workers within the same organizations. A key question is whether a higher level of agreement on the various dimensions of the psychological contract is associated with more or less positive outcomes from the perspectives of both organization and workers. This is explored in relation to both permanent and temporary workers and the results indicate that a higher level of agreement between parties is not consistently associated with more positive outcomes.

Chapter 8 provides a full test of the model that informs the study. In Chapter 6 we established that the psychological contract partially mediates the relationship between type of employment contract and outcomes. In this chapter, we incorporate the full range of potential mediating variables so that we can take account of being on contract of choice, job insecurity, employability, organizational support, and job content as well as the psychological contract. The results suggest that these further mediate the association between type of employment contract and outcomes. Nevertheless, those on temporary contracts still report some significantly more positive outcomes.

The incorporation of the full set of potential mediators also provides an opportunity to determine which are most strongly associated with the various outcomes. Therefore, in addition to providing a stern test of the influence of employment contracts, there is also a unique opportunity to consider the relative importance of the psychological contract alongside a number of other well-established variables.

Chapter 9 focuses on national and sectoral differences. As we have noted, there are considerable national differences in the proportions of workers on temporary contracts and we speculated that a range of national factors might help to shape the experience of temporary employment. To explore this possibility, we developed a range of measures of institutional and cultural factors that have emerged in previous research and in this chapter present some findings based on these. However, a comparison on the basis of these factors reveals only limited differences between the countries included in the study and analysis of our data reveals that both country and sector have a relatively minor impact on attitudes and outcomes. It appears that experiences in the workplace have the greatest impact on well-being in general and work-related well-being in particular.

Chapter 10 draws together the findings. The results are contrary to expectations and we consider why this should be so. Since they are consistent across the seven countries, we are reasonably confident that they are robust. On the other hand, we need to be able to justify them in the light of some competing evidence and the widespread assumption that temporary workers are significantly disadvantaged. We consider factors including changing expectations, the growing interest in work–life balance, and the increasing demands that appear to be placed on those in permanent positions. We finish by briefly reviewing the empirical and theoretical advances resulting from this study and outlining some policy implications at both the national and organizational levels.