THE CONTRACT OF EMPLOYMENT STATUS AND ITS INFLUENCE ON THE JOB SATISFACTION OF ACADEMICS WITHIN SOUTH AFRICAN UNIVERSITIES OF TECHNOLOGY

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Abstract

South African higher education has gone through numerous changes in terms of restructuring and transformation. Rapid changes of this nature, within the higher education system, necessitate alternative work arrangements, which have potential negative effects on job satisfaction of academics. Research on the contracts of employment of academic staff in the context of developing countries such as South Africa has remained scarce. The primary purpose of the study was to explore the relationship between the status of the contract of employment and job satisfaction. Data were analysed from 494 (n) academics within South African universities of technology. Correlation analysis was used to establish the relationship between the status of the contract of employment and job satisfaction. A negative correlation between the status of the contract and job satisfaction was observed. Significant differences were found between the status of the contract and job satisfaction. The results showed that those who are permanently employed experience high levels of job satisfaction and those who have fixed-term and temporary contracts experience lower levels of job satisfaction. This study
concludes by discussing managerial implications of the results. Limitations and implication for further research are explored.

**Key Words:** *Contract of employment, fixed-term contract of employment, temporary contract of employment, job satisfaction*

**JEL Classification:** J53, M12, M54
1. INTRODUCTION

From an evolutionary perspective, the contract of employment is best understood as a governance mechanism, which links together work organisation and the supply of labour in such a way as to make it possible to manage long-term economic risks (Deakin, 2000:1). The contract of employment is defined as a reciprocal contract in terms of which an employee places his/her services at the disposal of another person or an organisation, as employer, at the determined or determinable remuneration in such a way, that the employer is clothed with the authority over the employee and exercises supervision regarding the rendering of the employee’s services (Du Plessis, Fouche’ & Van Wyk, 2002:9).

This definition implies that the contract of employment engenders relations of power. Normally the consent of the parties legitimates any subordination created by the contractual obligations (Collins, 1986). The theory of employment relations refers to employees, in this situation, as completely passive factors of production employed by the entrepreneur in such a way as to maximise the profit (Simon, 1951).

There is a transition in the labour market regarding the forms of the contract of employment from an indefinite contract of employment to other nonstandard work arrangements, such as a fixed-term employment contract and a temporary employment contract. Standard work arrangements (indefinite employment contract) have been the norm in many industrialised countries for much of the twentieth century and served as a base for the framework within which labour legislation developed (Kalleberg, 2000). In the mid-1970s, global economic competition put pressure on employers to make more profit and this compelled them to search for greater flexibility in employment, which led to the adoption of nonstandard work arrangements (Carre, 2000). Krahn (1991) argues that a number of employers shift from an indefinite contract of employment to fixed and temporary contracts in order to reduce the costs and benefits they provide to permanent employees.

In this context, the status of the contract of employment has been put forward as a framework for understanding job satisfaction as a consequence occurring in the
exchange relationship between employer and employee. Smith, Kendall and Hulin (1969:37) define job satisfaction as “persistent feelings towards discriminable aspects of the job situation that are thought to be associated with perceived differences between what is expected and what is experienced in relation to the alternatives available in given situation”. Hence, the level of job satisfaction resembles an employee’s internal state on assessing the job and job-related experiences with some degree of favour or disfavour (Ang, Van Dyne & Begley, 2003). To know how satisfied or dissatisfied employees are with their jobs is a very complex summation of distinct job variables determined by the status of their contracts of employment (Robbins, 1989). Volkwein and Zhou (2003) identified the following factors as predictors of job satisfaction of workers within the organisations, namely salary, working conditions, worker autonomy, possibility of growth, development and promotion, job security and job content. Depending on the status of the contract of employment, these factors might be favourable or unfavourable to the employees. If they are favourable, it is expected that the levels of job satisfaction amongst the employees will become positive and if they are unfavourable, there will be a negative correlation (De Witte & Naswall, 2003). These arguments gain support from Maslow’s needs hierarchy theory, which states that when a human need is satisfied an employee will arguably be motivated, leading to job satisfaction (Ntisa, 2015).

It was reported that many employees are without the legislative protection because of the status of their contracts of employment. These employees are outside the coverage of the awards system, while those who are covered are still vulnerable to the evasion of award conditions (Wooden & Warren, 2004). Temporary workers are generally employed at lower wage rates and receive fewer fringe benefits than their permanent counterparts (Kalleberg, 2000). There is a general perception among labour relations practitioners that alternative forms of employment, such as fixed term contract of employment and temporary contract of employment, deviate from the traditional ongoing fulltime employment concerning the nature and future existence of the job (Bernhard-Oettel, Sverke & De Witte, 2005). Therefore, they are often assumed associated with dissatisfaction among employees. However, there seems to be lack of quantitative evidence documenting these differences in the quality of jobs by employment contract status (Wooden & Warren, 2003). The low levels of job satisfaction believed to characterise employment contract status may be reflected by limited possibility to influence the terms and conditions of employment such as job security and its
future prospects (Goudswaard & Andries, 2002). Employers, who equivocate their legal responsibilities, even during the era of economic boom, should see the growth of non-standard work arrangements as an unfortunate event. Non-standard work arrangements are assumed detrimental in their impact on the job satisfaction of employees (Kim, Paek & Cho, 2005). Yet, knowing how much the status of the contract of employment affects employee’s satisfaction at work, it is important for social analysts, policy makers and employers. Hence, the primary purpose of this study is to explore the relationship between the status of the contract of employment and job satisfaction.

2. LITERATURE REVIEW

2.1 Indefinite contract of employment vs job satisfaction

Indefinite contracts are entered into when the work for which an employee is employed is of a permanent nature; that is, it is the work usually done in that organisation and the employer does not expect it to end within the near future (Bendix, 2010). Where a contract of employment does not specify an actual date of termination or a determinable date of termination (such as the completion of a certain job), the contract would be for an indefinite period, with no automatic expiry date, and would endure until it is terminated in terms of the provisions of a law of statute, dismissal or serious breach of contract (Grosset, 2002). Unlike fixed-term and temporary contracts, an indefinite contract is associated with extensive statutory benefits and entitlements, such as minimum wage, unemployment insurance, protection against unfair dismissal, paid leave and training and development (De Cuyper, De Jong, De Witte, Isaksson, Rigotti & Schalk, 2008). These factors are found to be favourable to many employees amounting to a positive correlation between indefinite employment contracts and job satisfaction (Simon, 1951; Enders & Teichler, 1997). Previous studies established higher levels of job satisfaction among permanent employees than among fixed-term contract and temporary employees (Forde & Slater, 2006; Hall, 2006).

2.2 Fixed term contract of employment vs job satisfaction

Where the parties clearly specify the duration of their contract (by date or by the completion of some task or project), there is no room for any implied term as to duration and the contract will be valid for the detailed period. The only way in which a fixed-term contract of employment may be terminated before its expiry
date, is by agreement between the parties or because of a breach of contract by one of the parties (Grossett, 2002:152). In Germany, the fixed-term contract can last for up to two years (McGinnity, Mertens & Gundert, 2005), while in South Africa it can last for up to five years (Grogan, 2007). According the Labour Relations Amendment Act 6 of 2014, an employer may employ an employee on a fixed term contract or successive fixed term contract for longer than three months of employment only if the nature of the work for which the employee is employed is of a limited or definite duration or if the employer can demonstrate any other justifiable reason for fixing the term of the contract (Republic of South Africa 2014). A fixed term contract is seen as a trap, fostering a division between *ins* and *outs* in the labour market and resulting in an inefficient excess of short-term employment relationships (Boockmann & Hagen, 2008). These types of contracts lend themselves to perpetuate employers to abuse employees by evading the procedural requirements for retrenchment and the obligation to pay severance monies by keeping employees indefinitely on such contracts, and terminating them when the employees’ services are no longer required (Grogan, 2007). Fixed-term contract employees are considered peripheral workers in whom employers are unlikely to invest in the way typically done to foster the spirit of satisfaction to the jobs (De Cuyper *et al.*, 2008). Employees who work under these arrangements exhibit low levels of job satisfaction because of employment instability as a result of the status of their contracts of employment (Origo & Pagani, 2009). Ferrer-i-Carbonell and Van Praag (2006) reported that fixed-term contracts are strongly negatively correlated with job satisfaction.

### 2.3 Temporary contract of employment vs job satisfaction

Temporary contracts are entered into when the work is of a temporary nature, meaning that it will end at a specific time or with a specific event. For example, a temporary contract may be entered into with an employee who stands in for someone who is on maternity leave, family responsibility leave or sick leave (Bendix, 2010:117). Temporary contracts of employment are synonyms with fixed-term contracts of employment; the only difference is that temporary contracts are subject to a very short trial period, typically one month. They have fixed duration like fixed-term contracts but to the maximum of 24 months. They cannot typically be renewed, but if they are renewed an employee should be employed on a fixed-term or indefinite contract of employment (Blanchard & Landiar, 2002). It was found that temporary employees experienced poorer rewards and facilities and limited development and promotional opportunities and
these factors militate against their job satisfaction. Such employees are likely to suffer from the inability to employ their full range of skills and employment in roles that do not make full use of their qualifications and experience (Bryson, 2004). These arguments lead to the hypothesis that temporary contract of employment has a negative effect on employees’ job satisfaction. The research on the quality of work indicates that the transition from temporary contract to indefinite contract of employment is accompanied by an increase in job satisfaction (De Witte & Naswall, 2003). This will depend on how possible it is to make such a transition. Empirical evidence shows that in occupations where temporary employees constitute the majority, such employees are unlikely ever to become permanent (Bryson, 2004).

3. METHODOLOGY

A quantitative research approach, using a cross-sectional survey design was used in this study. This method was chosen because of the need to apply non-parametric statistical techniques to test for differences in the sample. Quantitative research quantifies the data and applies some statistical analysis (Malhotra, 2010).

3.1 Participants and sampling procedure

Data for this study originated from academic staff from South African universities of technology. There are currently six universities of technology operational in South Africa employing approximately 2987 academic employees (Council on Higher Education, 2012). For the purpose of this study, 600 (n) participants were conveniently selected from total population of academic staff (N = 2987), thus targeting approximately 20 percent of the selected population. The sampling procedure utilised in this study is convenience sampling. This is a non-probability sampling technique, which relies on the researcher’s experience, ingenuity and/or previous research findings (Welman & Kruger, 2002). Convenience sampling has been chosen because it is the most convenient way of collection of data from members of the population (units of analysis) that are near and readily available for research purposes, regardless of characteristics, until the required sample size has been achieved (Tansey, 2007). Although the use of probability sampling such as stratified sampling would have been more appropriate, the authors had to use a convenience sample method as attempts to obtain the number of permanent and non-permanent proved very difficult as information was not forth-coming from the various universities of technology after repeated requests. However, caution
was used to try and randomise the data collection so that sufficient responses could be obtained from staff at different universities in the various types of employment status so that cell density (responses in each category) could be achieved in order conduct statistical analysis. The sample composition in terms of permanent, fixed and temporary employment status show a fairly reasonable distribution of the sample (permanent = 255; fixed = 154; temporary = 85). This was done through cross-tabulation. Moreover, staff were required to be in their current employment for at least a year.

### 3.2 Instrumentation design

The survey material was interactively designed in the form of a structured questionnaire containing generic questions, which were mostly multiple choice in order to speed up the survey completion. The use of questionnaires enables the researcher to survey a large number of participants with little expense and effort (Spector, 1997). The self-completion questionnaire was divided into three sections. Section A consists of questions on the demographic profile of the academics, Section B contains questions on the status of the contract of employment, and Section C contains questions on job satisfaction.

The measuring instrument, which was utilised in measuring job satisfaction is the job satisfaction survey (JSS). JSS was developed by Spector (1997) to evaluate workers’ attitudes concerning aspects of their jobs using a Likert-type rating scale format. Since this study aims to assess global job satisfaction without referring to any specific facets, a short version of JSS was used with summated rating scale format with five agree-disagree choices: 1) strongly disagree, 2) disagree, 3) neither agree nor disagree, 4) agree, and 5) strongly agree.

### 3.3 Reliability and validity

The reliability value is reported in Table 1. The Cronbach alpha value for the job satisfaction scale was 0.87, which is considered satisfactory as it was above the benchmark level of 0.70 (Nunnally & Bernstein, 1994). In order to ensure face validity (pre-test) of the job satisfaction scale, the first draft of the questionnaire was delivered to three experts in the field of human resources, four academics, and statistician/quantitative researcher to evaluate questionnaire items in terms of clarity, relevance and interpretation. Inputs were obtained from these individuals and the researcher corrected deficiencies accordingly (Noroozi, Ghofranipour, Heydarnia, Nabipour & Amin, 2010). Content validity of the scale was assessed
during the pre-test and pilot testing stages whereby amendments were made to the questionnaire in order to suit a university context. Fifty-five questionnaires were pilot-tested on a population with characteristics similar to the targeted group. Construct validity was ascertained during reliability computation procedures. Discriminant validity was assessed through Spearman’s correlations coefficient. Job satisfaction and academics employment status showed strong negative correlations, thus providing evidence of discrimination between the constructs.

4. RESULTS AND DISCUSSION

4.1 Sample composition

There was a fairly even distribution of males (n= 243; 49%) and females (n= 251; 51%) in the sample. The majority of the respondents’ ages ranged from 30-39 years (n= 178; 36%) followed by the age group, 40-49 years (n= 167; 34%). In terms of the position held in the university, the majority of the academics were lecturers (n= 165; 33.4%), followed by those who occupied senior lecturer positions (n=165; 33.4%). With regard to academic qualifications, there is still a large number of academics who are in possession of honours or B.Tech degrees (n=184; 37.2%) followed by those academics who were in possession of a master’s degree (n=165; 33.4%). A comparatively small number of academics are in possession of a doctoral qualification (n=33; 6.7%). However, a large number of academics (n=255; 51.6%) was permanently employed, while a fairly large number of academics was employed on a fixed term (definite) contract of employment (n=154; 31.2%). Temporary employed academics made up the remainder of the sample (n=85; 17.2%).

4.2 Correlations

In order to establish the relationship between the status of academics contract of employment and their job satisfaction, non-parametric (Spearman’s) correlation analysis was undertaken. The result of the correlation analysis is reported in Table 1.

Table 1: Correlations, means and reliability

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Employment status</th>
<th>Job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment status</td>
<td>1.000</td>
<td>-0.294**</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>-0.294**</td>
<td>1.000</td>
</tr>
<tr>
<td>Mean</td>
<td>1.66</td>
<td>3.88</td>
</tr>
<tr>
<td>SD</td>
<td>0.756</td>
<td>0.69</td>
</tr>
</tbody>
</table>
Cronbach $a$ - 0.877

Overall, there seems to be a negative association with the academics’ current status of their contract of employment and job satisfaction.

4.3 Independent sample test

In order to establish whether there were any significant differences between the academics’ current status of employment and their job satisfaction, non-parametric Kruskal-Wallis test was undertaken in order to establish which group of academics varied in their perceptions of job satisfaction. The result of the test is reported in Tables 2 and 3.

Table 2: Mean rank of the Kruskal-Wallis test: Job satisfaction and contract of employment status

<table>
<thead>
<tr>
<th>Job satisfaction &amp; employment status</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction vs permanent contract</td>
<td>255</td>
<td>301.56</td>
</tr>
<tr>
<td>Job satisfaction vs fixed-term contract</td>
<td>154</td>
<td>206.80</td>
</tr>
<tr>
<td>Job satisfaction vs temporary contract</td>
<td>85</td>
<td>159.06</td>
</tr>
</tbody>
</table>

Table 3: Chi-square test-employment status and job satisfaction

<table>
<thead>
<tr>
<th>Test</th>
<th>Job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>82.568</td>
</tr>
<tr>
<td>Df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The Kruskal-Wallis test shows significant differences between the employment status of academics and their job satisfaction. Table 2 shows that those academics who were permanently employed (mean rank=301.56) seem to enjoy greater levels of job satisfaction compared to those who were employed on a fixed term contract (mean rank=206.80) and those employed on a temporary basis (mean rank=159.06). The academics who are employed temporarily seem to experience the lowest level of job satisfaction. These results seem logical, as those academics who are employed temporarily do not have any guarantees of permanency and the various benefits (for example, medical aid, group life insurance, pension fund) that accompany these posts (Jawando & Adenugba, 2014). The *quid pro quo* of this is that some organisations treat both temporary and fixed-term contracted employees as if the relationship is based only on transactional and economic relations. The employers place too little emphasis on the needs of such employees as human beings and treat them only as factors of production. Thus, there is no sense of partnership, closeness and mutual commitment, which is found between
employers and permanent employees (Bendix, 2010:5). This results in lower levels of job satisfaction amongst these employees because organisations fail to give consideration to the relational aspects of employment contract, such as fairness and equity (McDonald & Makin, 2000). On the other side, the favourable working conditions of permanent employees can cause an increase in the levels of their job satisfaction. This is influenced by the fact that employers consider permanent employees in the aspects of benefits, wages, promotion and further training (Booth, Francesconi & Frank, 2002).

5. LIMITATIONS OF THE STUDY
This study focused only on the academics within the South African universities of technology. The former technikons that merged with traditional universities to form comprehensive universities were not part of this study. The nature of the organisational context in this study does not allow for generalising the results within the South African higher education sector. Out of six universities of technology, only three granted the researcher permission to conduct the research. Although the size of the sample participated (n=494) was relatively high, it could be argued that the population in this study may not be representative of all academics within the South African universities of technology. The possibility exists that the results of the weighting survey would have been different if all UoTs participated and if the participants had been more geographically representative of the population of the study. Furthermore, casual contracts of employment, as another form of work arrangements, was not covered in this study because it does not apply within the academic environment.

6. CONCLUSION
The focus of this study was to examine the impact of the status of the contract of employment on the job satisfaction of academic employees at the South African universities of technology. This was assessed in terms of how academic employees cope with their work environment, differences in treatment, economic benefits and opportunities presented by various employment arrangements. The findings reveal that the permanent contract of employment has a positive significant influence on the job satisfaction of academics. In contrast, both the fixed-term and temporary contract of employment have negative significant influence on the job satisfaction of academics. The rationale behind this difference is found in the analogy that the conclusion of the contract of employment entails
relational entitlements where permanent workers receive more of what they reasonable expect from the employer than fixed-term and temporary workers (De Cuyper & De Witte, 2007). The likely harmful consequence of unequal treatment on the basis of the status of the contract of employment is found to be lower level of job satisfaction among non-permanent workers (De Cuyper & De Witte, 2006). Indeed, this knowledge is likely to provide some insights into key equity considerations, which would complement the efficiency arguments advocated by those who encourage minimal flexibility in the labour market. It is believed that a summary of the salient changes to Section 198 of the Labour Relations Act of 1995, relating to work arrangements, will change the status quo because this section introduces additional protections to non-standard employees.

Based on the above realities, it is recommended that the employers should take into account the employees’ entitlements and treatment should not differ so much that non-permanent employees feel isolated as this negatively affects their morale and satisfaction at work. The researchers also recommend that in positions where permanent contracts cannot be effected at the go, fixed-term contracts should be accompanied by reasonable benefits in order to satisfy the employees. Thus, being one of the few studies to examine the status of the contract of employment of academics within the South African context (universities of technologies in particular), the current study added a practical value. However, the perceptions of job insecurity, especially amongst non-permanent employees, could be a function of unemployment and temporary contracts becoming even more evenly spread across higher education in South Africa.

Since there is a paucity of empirical work on the relationship between types of employment contracts and job satisfaction (particularly with regard to the temporarily employed individuals), it would seem sensible not to over-interpret the present findings with reference to practical implications without further corroborative research.

Despite the fact that this study adds to the body of knowledge in South Africa, prudence is advised; the results of this study should be interpreted cautiously as they may not be completely relevant and applicable in specific settings because of the sampling procedure utilised.
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