

Impact of Contingent Workforce on Productivity of the Organization with Respect to Cement Manufacturing Industries

T.Narayana Reddy, S.Sowjanya

Abstract— *The contingent workforce can be considered as a big and budding subset of the working population that provides various benefits to an organization. Hiring of Contingent workforce is on the rise in India as well in the form of freelancers, temporary or contract staff. These employees are being employed by companies in order to fill the urgent shortage of staff, according to a report from Kelly OCG. The ‘Workforce Agility Barometer Report’ depicted that project-based assignments are acquiring recognition in developing countries as 71% of C-suite leaders anticipate to sustain or augment their percentage of contingent workers in next two years. This study shall determine the impact of contingent workforce on the overall productivity of an organization in order to assess whether this trend should be continued owing to its various benefits or rejected.*

Keywords: *Contingent Workforce, Productivity, Benefits, Organisation, Impact*

1. RESEARCH CONTEXT

1.1 Concept of contingent workforce and its importance in contemporary era

A contingent worker can be defined as “a person who works for a company in an arrangement that is different from what was traditionally considered “standard” full-time employment” (Manpower Group 2016). Contingent employees include those who work on a non-permanent or part-time basis in an organization. In the last decade, the size and scope of the contingent workforce has expanded dramatically worldwide while encompassing many new forms of non-traditional employment, such as leased labour, temporary labour and contractors amongst others.

It has been seen that in the current times, workers prefer to do flexible, location-independent work by utilizing the advancements in technology which has made this kind of work possible. It has been observed that out of all independent workers, 25.9% chose this type of working model for the flexibility, and 21.4% indicated a desire to follow their passions (Manpower Group 2015). It has been approximated that hiring an independent contractor saves around 20 to 30 per cent of the total costs of a company as opposed to hiring a full-time worker (Laura 2010). The cost

of hiring full-time human resource is increasing as new overtime regulations require companies to pay overtime to full time workers which means that they have to pay more by hiring full-time staff.

1.2 Scenario of contingent workforce in the Indian organizations

The Indian staffing market is currently in the course of making an allowance for a considerable proportion of the population in the labour pool, and it is hovering for quick expansion. It is expected that in the coming years, the Indian staffing market will be the leading in the world as recruiting via temp agencies, eventually resulting in temporary staffing has become a vital hiring strategy for Indian companies especially in the Information Technology (IT) and retail sectors (Staffing Industry analysts 2017). The Indian IT sector has the highest number of temporary workforce as compared to rest of the sectors.

Researchers have reported that some areas of the Indian economy besides IT including telecom, pharmaceutical, manufacturing, hospitality, and agriculture has augmented their recruitment through temporary agencies to a great extent. However, it has been seen that the IT sector has made a lot of efforts in order to fulfil the requirement of the temporary workforce.

1.3 Impact of contingent workforce on Indian work environment and its outcome

Hiring contingent workers can be regarded as one of the most effective ways to tackle the skills gap in companies. Moreover, full-time employees tend to become sluggish and “burnt out” in their everyday jobs when the preliminary eagerness for the position reduces. According to a recent poll, in 2015, 51 percent of workers weren’t engaged with their jobs and 17.5 percent were “actively disengaged” (Soto 2015). The main reason behind this was that contingent workers made transitions between jobs and employers easier as compared to a traditional full-time employee. Since these workers don’t usually become burnt out in a particular position and can maintain the level of productivity of a well-trained employee. Contingent workers often may go the extra mile for an employer since they are working on a temporary basis. This could be because they want to be hired again in the future or simply because they are proud of their work.

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Dr.T.Narayana Reddy, Associate professor, Additional controller of Examinations, JNTUA, Ananthapur, AP, India.

S.Sowjanya, Research scholar, JNTUA, Anantapur, Andhra Pradesh, India.

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These workers are characteristically very ambitious and need their finished product to be the best. Additionally, it is also possible if the needs of the company change or if the worker is exceptionally good at his job, the temporary or part-time employee might be brought on full-time. This incentive leads to an increase in the productivity of contingent employees in their roles.

2. NEED OF THE STUDY

As per industry reports, there is bound to be an increase in recruitment via temporary agencies and ultimately temporary workforce within India shall constitute around 10 percent of the country's formal sector employment by 2025 (Staffing Industry analysts 2017). Currently, India boasts of one of the largest flexi staffing workforce numbers in the world next only to China and the US. With the increasing globalisation of Indian companies, they are required to make efforts to reduce their costs drastically and enhance their productivity and operating efficiency. Therefore, this study has been conducted in order to measure the impact of contingent workforce on the productivity of an organization.

3. AIM OF THE STUDY

The main aim of this study is to gain a better understanding of the impact of contingent workforce on the overall productivity of an organization. This study shall also help in determining the various ways in which the productivity is enhanced by employing contingent workforce in Indian companies.

4. CENTRAL RESEARCH QUESTION

Research questions predominantly focus on the research; the methodology employed and guides other areas like data collection, analysis and reporting. This research study seeks to answer the main research question, "Does hiring contingent workforce have a positive impact on the overall productivity of an organization?"

Hypothesis of the study:

H₀1- There is no significant impact of contingent workforce on the productivity of the organization

H_A1- There is significant impact of contingent workforce on the productivity of the organization

5. METHODOLOGY & RESULTS

Research methodology refers to the science of methodical conduction of a research study on a given research topic (Saunders et al. 2009). It provides more details regarding the practice, methods and modes which have been deployed for conducting the research for the purpose of fulfilling the research objectives. For the present study, positivism research philosophy has been used so the observable social entity that is the impact of contingent workforce on the

organisations can be analysed (Mackenzie & Knipe 2006). This study collected data from primary as well as secondary sources. Primary quantitative data was supplemented by literature from published studies. For the purpose of quantitative study, a deductive approach has been used wherein a survey was conducted with 300 middle level managers of selected manufacturing companies representing the target population of the manufacturing sector of India. The measuring instrument used for collection of primary data is a close-ended questionnaire. The questionnaire was administered to the respondents on a one-on-one basis but randomly, to help out with the queries and avoid invalid answers, if any. Secondary data in the form of literature was collected from sources including news articles, magazines, books and reports amongst others.

6. DATA ANALYSIS

6.1 Descriptive Analysis

Following the frequency distribution of the demographic profile of the respondents-

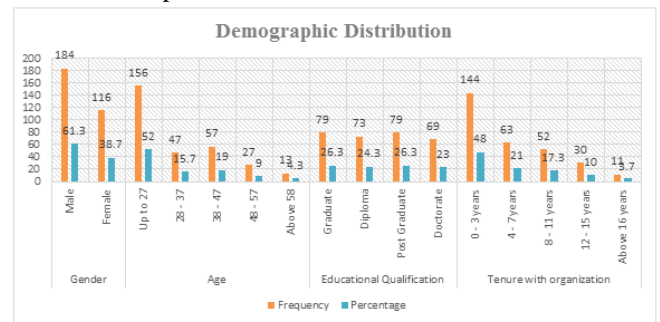


Figure 2: Demographic profile of the respondents

6.1.1 General Background

Following are the graphs of the general background of the respondents that present the general information on the contingent workforce as per the perception of the middle level employees-



contingent workforce in organization exists

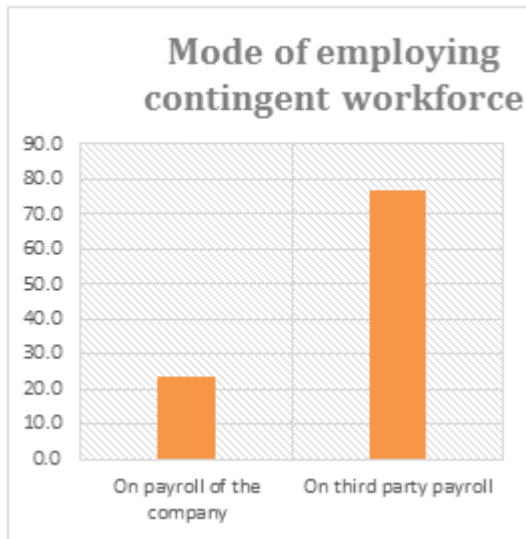


Figure 3: Tenure of the company in employing contingent workforce and mode of employing contingent workforce

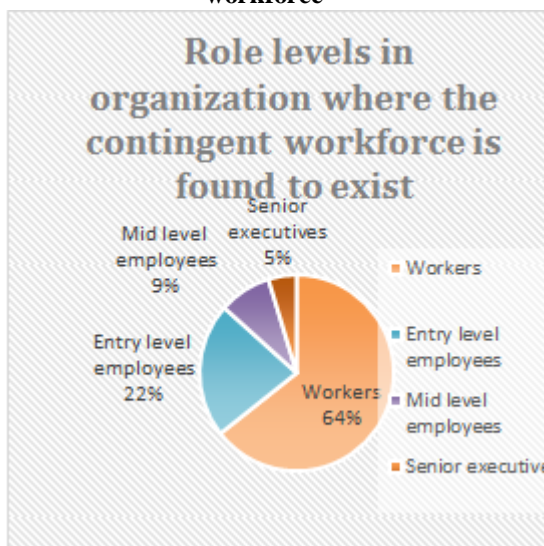


Figure 4: Role levels in organization where the contingent workforce is found to exist

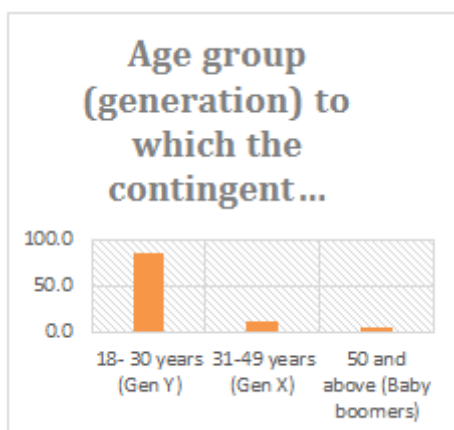


Figure 5: Age group (generation) to which the

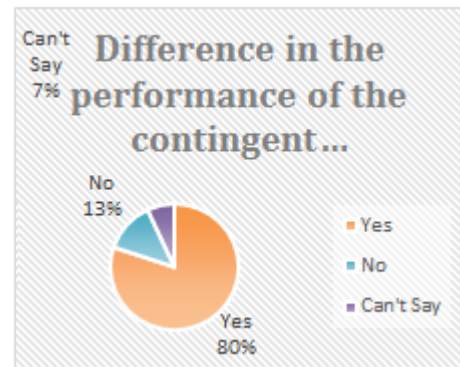


Figure 6: Difference in the performance of the contingent employees and permanent employees



Figure 7: Disadvantage of contingent workforce

6.2 Inferential Analysis

Correlations		
Organisational performance		
	Pearson Correlation	Sig. (2-tailed)
CWB_1	.619**	.000
CWB_2	.701**	.000
CWB_3	.694**	.000
CWB_4	.506**	.000
CWB_5	.774**	.000
CWB_6	.660**	.000



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CWB_7	.565**	.000
CWB_8	.785**	.000
CWB_9	.787**	.000
CWB_10	.672**	.000
**. Correlation is significant at the 0.01 level (2-tailed).		

Table 2: Correlation Table

It can be inferred from the correlation table above that all the benefits of contingent are statistically significant with significance level of 0.00. Further factor CWB9 “Reduces the cost to the company thereby keeping the permanent headcount down and on bench cost” was found to have the highest correlation with performance of the organisation. This means that the benefit of the contingent workforce that helps the companies on saving on the cost that incurs on the redundant job role or the temporary roles for which otherwise the organisations have to hire the permanent employees; contributes maximum to the performance of the organisation. This can be attributed to the fact that the cost saved in this aspect can then be used by the organisations in other important aspects like the training of the permanent employees for their skill development, updating to the latest technology and operational methods or other investments which can then lead to increase in the productivity of the organisation.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.862	.857	.439
a. Predictors: (Constant), CWB_10, CWB_7, CWB_4, CWB_6, CWB_1, CWB_3, CWB_2, CWB_5, CWB_8, CWB_9				

Table 3: Model Summary Table of regression analysis

It can be inferred from the above regression table of model summary that the R-square value of .862 has been obtained. This means the 86.2% of the variance that occurs in the dependent variable that is productivity of organisation is due to the independent variable that is contingent

workforce.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	348.198	10	34.820	180.506	.000 ^b
	Residual	55.748	289	.193		
	Total	403.947	299			
a. Dependent Variable: impact_on_performance						
b. Predictors: (Constant), CWB_10, CWB_7, CWB_4, CWB_6, CWB_1, CWB_3, CWB_2, CWB_5, CWB_8, CWB_9						

Table 4: ANOVA table for regression analysis

It can be inferred from the ANOVA table above that due to high F- value (180.506) and high level of significance, the null hypothesis can be rejected and it can be stated that there is significant impact of contingent workforce on the productivity of the organization.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-.171	.083		-2.073	.039
	CWB_1	.072	.025	.084	2.913	.004
	CWB_2	.097	.027	.112	3.515	.001
	CWB_3	.125	.028	.136	4.438	.000
	CWB_4	.006	.024	.007	.242	.809
	CWB_5	.157	.032	.178	4.957	.000
	CWB_6	.120	.025	.137	4.764	.000
	CWB_7	.130	.022	.151	5.857	.000
	CWB_8	.175	.031	.197	5.574	.000
	CWB_9	.155	.033	.171	4.750	.000
	CWB_10	.042	.028	.047	1.502	.134
a. Dependent Variable: Organisational performance						

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Table 5: Coefficient table for regression analysis

It can be inferred from the coefficient table above that out of all the benefits of contingent workforce, factor CWB4 and factor CWB10 (Appendix) were found to be statistically insignificant. Remaining all other factors was found to be statistically significant. Further, it can be observed that the highest value of standardised coefficient was found to be possessed by factor CWB8 that is “Helps in rapid addition of new skills”. Thus it can be stated that as the rapid addition of skills takes place in the organisation by contingent workforce, the productivity of the organisation increases. This can be attributed to the fact that as the skills possessed by the employees of the organisation improve and increase; they become more effective and efficient at their work thereby leading to increase in their productivity and the productivity of the organisation. In a study conducted by Snyman and Smallwood, (2017), it was found that as the skills inculcated in the employees increases, the productivity and the performance of the organisation also increases. Thus this study is in sync with the findings of the present study.

7. DISCUSSION AND CONCLUSION

The study found that there is significant impact of contingent workforce on the productivity of the organization. Further, a positive relationship between contingent workforce and productivity of the organisation presented that the involvement of the contingent workforce increases the productivity of the organisation. The study found that since the contingent workforce reduces the cost to the company by keeping the permanent headcount down increases the productivity of organisation since the cost saved here can be invested in other important aspects of the organisation. The study also found that as the contingent workforce facilitates in rapid addition of new skills further increases the performance of the organisation since the employees become more efficient and effective.

The limitation of the study lies in the fact that the study was conducted on the middle level managers who are not very closely related to the strategic decision making in the organisation. Thus, this could have had deviated the results a bit.

For the future study, research on the contingent workforce can be conducted so as to get an insight on the perception of contingent workforce on their productivity and performance as they move from organisation to organisation.

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