

**A QUALITATIVE STUDY ON THE WELFARE OF CONTRACTUAL
EMPLOYEES AND THE IMPACT OF JOB SATISFACTION ON
CONTRACT-BASED EMPLOYMENT IN ORGANIZATIONS**

Muhammad Azeem Hussain
Kasbit University. Azeem.nicvd@outlook.com

Abstract

This study examines how fixed-term (contractual) employment affects the welfare and job satisfaction of employees in manufacturing and service sectors in Karachi, Pakistan. Through qualitative methods—semi-structured interviews with five contractual employees—and narrative analysis, we identify key motivations for contractual work: gaining experience, flexibility, and lack of permanent positions. Despite concerns over job security and limited benefits, many respondents reported that these roles acted as a stepping stone toward permanent employment and professional growth. Organizations leverage contractual employees to fulfill project-based needs, optimize costs, and develop a potential talent pool. The results highlight a dual benefit: employees enhance their marketability, while organizations gain operational flexibility. Policymakers and organizations should ensure fair treatment, clear pathways to permanency, and job security to sustain employee well-being and maximize productivity.

Keywords: contractual employment, job satisfaction, well-being, flexibility, Pakistan

Introduction

Contractual employment—temporary work based on fixed-term contracts—has become increasingly common worldwide, driven by globalization, digital transformation, and economic uncertainties (Bassanini, 2017; Godfrey, 2018). In Pakistan, where unemployment is high and entry-level jobs scarce, fixed-

term roles might serve as vital career stepping stones. However, concerns persist regarding job security, benefits, and worker well-being.

This study explores the effects of contractual employment on employee welfare and job satisfaction in Karachi. It seeks to answer:

1. What motivates employees to accept fixed-term contracts?
2. How does this employment model influence their well-being?
3. Why do organizations favor contractual hiring?

By focusing on qualitative insights, this research contributes to understanding the employee–organization dynamic in emerging economies and offers practical guidance for human resource strategies and policy frameworks.

Literature Review

Contractual Employment Defined

Fixed-term employment refers to an employment relationship with predetermined duration, renewable at the employer's discretion (Bassanini, 2017). Its prevalence has increased across education, healthcare, manufacturing, and banking (Waaijer, 2017).

Motivations and Job Satisfaction

Researchers classify contractual employees as voluntary (seeking flexibility), involuntary (due to lack of alternatives), or stepping-stone workers (career-focused) (Jill, 1998; Booth et al., 2000). Job satisfaction varies: while some temporary employees report lower satisfaction due to insecurity (Dickson & Lorenz, 2012), others are highly motivated by learning opportunities (David & Miken, 2000; Mariya, 2018).

Organizational Drivers

Employers use fixed-term contracts to reduce costs, enhance labor market flexibility, and build talent pools (Wandera, 2011; Cappelli et al., 1997). This aligns with the flexible firm theory, which posits a core permanent workforce supported by peripheral contract workers (Atkinson, 1984).

Research Gap

While global studies exist, few focus on Pakistan. Local economic conditions,

cultural norms, and institutional frameworks may shape unique employee attitudes and organizational practices. This study aims to fill that gap through qualitative insight.

Methodology

Research Approach

A qualitative narrative analysis was selected to capture the lived experiences of contractual employees.

Sampling and Participants

Five contractual employees from Karachi—four from manufacturing, one from services—were recruited using a convenience sampling method due to COVID-19 constraints.

Data Collection

Semi-structured interviews were conducted—two in-person (Kassim Denim, Towellers Limited) and three online—each recorded and transcribed. Interviews focused on motivations, perceptions, and organizational practices.

Data Analysis

Narrative analysis involved coding transcripts individually and collectively discussing emergent themes such as job security, flexibility, motivation, and organizational strategy.

Results & Discussion

Motivations for Contractual Work

Respondents (e.g., Irtiza, Wajahat) emphasized the importance of **learning, experience, and avoiding unemployment**. Fresh graduates especially viewed temporary roles as **necessary stepping stones** during pandemic-induced job scarcity—aligning with literature (Forde & Slater, 2006; Azhar & Farrukh, 2011).

Well-being and Job Satisfaction

Despite reporting lower **job security and benefits**, many contractual employees remained satisfied due to **intrinsic rewards** (personal growth, exposure). This echoes findings that voluntary contract workers can report

high job satisfaction (David & Miken, 2000; Mariya, 2018). However, concerns about insecurity remain salient.

Organizational Rationale

Employers such as Midas Safety and UBL use fixed-term contracts to meet **project-based demands**, reduce costs, and build a future permanent workforce. These practices reflect global trends emphasizing flexibility and cost management (Cappelli et al., 1997; Wandera, 2011).

Comparative Analysis with Literature

- **Job Security:** Aligns with De Witte's (1999) assertion that insecurity diminishes employee well-being.
- **Skill Development:** Supports Forrier & Sels' (2003) claim that temporary roles boost employability.
- **Flexibility:** Affirms Atkinson's model of the flexible firm.

Economic and Social Implications

Contractual employment appears to reduce unemployment in Pakistan and serves as a viable alternative amid economic disruptions. However, sustainability depends on **structural safeguards** like transparent pathways to permanency and equitable benefits.

Conclusion & Recommendations

Conclusion

Fixed-term employment in Pakistan offers valuable opportunities for motivated individuals to acquire experience and improve employability, while organizations benefit from staff flexibility and cost savings. But the lack of job security and benefits requires attention.

Recommendations

- **For Employers:** Provide clear communication about contractual terms, performance-based conversion pathways, and parity in non-salary benefits.
- **For Employees:** Leverage these roles for skill building and network expansion while pursuing long-term opportunities.

- **For Policymakers:** Introduce regulations to ensure fair compensation, minimum social security, and enforceable progression opportunities for contract workers.

Future Research

Future studies should apply quantitative methods to measure well-being across industries, analyze transition rates from contract to permanent roles, and explore regional or sectoral differences within Pakistan.

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