A case study of contract workers and turnover intentions in Taiwan

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ABSTRACT

A critical labor market issue in all developed economies is the growth of non-standard forms of labor such as temporary, fixed term contracts and so on. High employee turnover rate of contract workers has been the most serious problem for the manufacturing industry. Facing such high turnover rates and recruiting costs, any firm must respond to and adjust its human resource policy. This paper deals with the critical factors for unsatisfied employee and reduce employee turnover rate. There are four main factors (working condition, leadership, training & development and pay) effect turnover intention. Payment is the important factor which inversely effect turnover intention. There are some different between junior and senior groups. In junior workers group, working condition is the important factor. Improvement actions are proposed, including job rotation, strengthened leadership and communication, reasonable overtime design, and an encouraging reward system. This paper provides guidelines as to how firms can cope with employee shortages caused by high employee turnover environment.

Key words: Contract workers, Job satisfaction, Turnover intention

1. Introduction

Today’s business environment requires that companies maintain maximum flexibility in order to adapt to the changing demands of the marketplace. For decades, multinational companies from around the world have eagerly embraced globalization and striven to develop and implement a worldwide competition. An aggressive campaign to boost profitability, increase market share, and improve customer satisfaction has been launch by a group of leaders. Organizations are faced with the challenges of human resource development and management. The business environment does not provide firms a steady secure stream of buyers all wanting the same product in the same place.

In response to this development, small and mid size companies are using contract workers to augment their regular or core work force. There are both core workers (employed on long-term, permanent contract) and contract workers (employed on short-term, temporary contract) in the companies. So employment depending on customer demand cannot be stable and guaranteed. They can be brought in for just the duration of a particular project, or the company may choose to develop a long-term relationship with selected individuals. These workers augment the regular work force, offering firms the flexibility to assign additional labor tasks. The quality of work performed and the level of employee motivation are the potential weak points in contract employment arrangements. Contract work is characterized by job insecurity.