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## PERMANENT VS. CONTRACT: UNCOVERING THE CRITICAL ROLE OF EMPLOYMENT TYPE IN DETERMINING EMPLOYEE ENGAGEMENT AND WORKPLACE EXPERIENCE AMONG IT PROFESSIONALS

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### ABSTRACT

*Different employment types, such as contract and permanent employment, can have varying impacts on employee engagement in organizations. Employee engagement is a critical factor for a company, as achieving its goals would be impossible without the constant and consistent efforts of its employees. The research problem is to study how employee engagement is influenced by different types of employment, which depend on various factors like salary, benefits, work environment, welfare measures, work-life balance, fairness, etc. The study population consists of permanent and contract employees of selected IT sector companies in Bangalore. Employee data is acquired using convenience sampling and primary data via a questionnaire. Exploratory and confirmatory factor analysis, correlation, t-test and structural equation modeling are carried out to achieve the objectives. The results indicated that the workplace challenges explain 92% of the variation in employee engagement among both permanent and contract employees. The comparative study between contract and permanent employees depicted that the contract employees did not receive many benefits, for example, car allowance, transportation facilities, etc., that permanent employees received. The study's findings are significant for improving employee engagement and, consequently, the organizational effectiveness of IT sector organizations.*

**KEYWORDS:** *Permanent Employees, Contract Employees, Employee Engagement, IT Sector Companies, Employee Welfare.*

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### 1. INTRODUCTION

Human resource management is a strategic methodology for overseeing employees inside a corporation or organization to facilitate the attainment of a competitive advantage. The aim is to enhance employee performance in accordance with the employer's strategic goals. The HRM function within an organization pertains to its employees. Each operational domain interconnects multiple elements. Assessing the willingness and interest of an organization's employees

necessitates understanding the extent of employee engagement and its influence on performance. (Sun & Bunchapattanasakda, 2019).

Employee engagement is a critical indication of job satisfaction. Employees increasingly seek engagement in their roles, enthusiasm for their organization, a sense of belonging, and flexibility in scheduling and location (Chandani et al., 2016). Low employee engagement may result from various issues, such as insufficient managerial recognition, ineffective corporate communication, and a lack of information regarding the organization's objectives and engagement initiatives (Boccoli et al., 2023).

Employee engagement is now associated with concepts such as employee satisfaction and the whole employee experience, encompassing the entire employee journey from recruitment to recognition and eventual departure from the organization (Sun & Bunchapattanasakda, 2019). It denotes the degree of employee enthusiasm and the attainment of the anticipated level of work commitment. Many factors are at play, among them: job fulfillment, meaning and purpose, workplace culture, the office environment, opportunities for advancement, digital work experience, management, and leadership.

An employee is an individual remunerated for executing work for an employer or a corporation. There are different types of employment such as full-time, part-time, seasonal, and temporary employees. The rise of temporary contracts has made the workforce an increasingly flexible resource through the growing use of portable personnel (Goldan et al., 2023). The divide between permanent versus contract roles has emerged, in modern organisational studies, as a major theme in the light of the conflicting need for flexibility and stability within the workforce. The contract employees have a distinct psychological contract with the organization, in contrast to their permanently hired counterparts (Bhattacharya et al., 2018; Ongera, 2023). The temporary employees will possess a transactional contract that predominantly emphasizes the financial components of the relationship. Permanent employees will possess a more robust relational contract characterized by commitment to the organization and a pursuit of a rewarding career (Coyle-Shapiro et al., 2002). These discrepancies can impact employee attitudes and conduct. Specifically, permanent contracts have been found to be more open to finding happiness through work than temporary/contract jobs, as recent studies have shown consistently. Empirical studies documenting the short-term negative effects of temporary employment on well-being and health, wages, organisational commitment, and job satisfaction abound (Boswell et al., 2023).

The success of a firm hinges on its capacity to engage its personnel. Profit constitutes the principal objective of every enterprise, and the unwavering, diligent efforts of employees are the sole means to achieve this aim. Every organization currently faces challenges in managing staff and addressing the important concerns impacting their personal and professional lives. The study aims to ascertain the influence of different employee types within an organization on their performance. Finding efficient strategies to guarantee employee satisfaction and maximize employee performance was the goal of the study.

## **Objectives**

**The following report outlines the study's primary objectives:**

- To identify factors of challenges faced by the employees in IT sector
- To analyse the challenging factors at workplace

- To do a comparative analysis on workplace challenges among contract and permanent employees
- To analyse and develop a model on impact of workplace challenges on employee engagement

### **Literature Summary**

According to theory of employment contracts, the nature of employment relationship matters to employees (attitudes and behaviors) and the organization (outcomes). Accordingly, psychological contract research has emerged in recent years, not only as a growing field but also as a salient framework for understanding how employment types shape and influence the relationships between individuals and organizations in the work-world (Kraak et al., 2024). To understand how workplace difficulties and job type affect employee engagement, a comprehensive literature analysis was conducted.

Employee engagement greatly affects business success (Saks, 2022; Octaviani et al., 2021). Since work engagement and job satisfaction stimulate workers and nurture the best attitudes, they will greatly impact productivity and motivation. Job satisfaction affects absenteeism, stress, and turnover; thus, attendance is vital. Happy workers are more likely to do so (Ibrahim et al., 2016). Companies must grasp all issues that improve employee work happiness. Workplace happiness leads to productive and joyful behavior (Igalens and Roussel, 1999; Nawab and Bhatti, 2011). Effective pay management or employee remuneration can boost work satisfaction and organizational engagement (Nawab and Bhatti, 2011). Cash and non-cash rewards with intrinsic or extrinsic motivation are part of compensation management, and studies show that compensation affects job satisfaction (Shieh, 2008; Chiekiezie et al., 2017). If management does not design, administer, and implement compensation policies, the best employees will depart for higher pay elsewhere.

The association between type of employment contract and organizational commitment has been largely investigated with the finding that regardless of the setting still a permanent employment constitutes more positive bond with the organization. Knowledge about the variables that influence organizational commitment and job satisfaction may guide human resource initiatives and interventions focused on retaining qualified professionals (Santos & Gonçalves, 2019). The positive psychological contract between employer and employee is contingent upon the employee's psychological contract (Jose, 2012; Olowe, 2021). Studies indicate that psychological and relational agreements affect employee engagement in the workplace (Mauno et al., 2005; Nguyen et al., 2021). Gender does not influence the psychological contract aspects of IT professionals (Sharplin, 2002). Supervisor support enhances employee perceptions of organizational support, while relational contracts strongly influence employees' intentions to resign (Saks, 2022). Previous research has explored complex relationships between job involvement and perceived organizational support, job insecurity, and perceived organizational support (Ali et al., 2024). The finding is consistent with the job insecurity, which indicates that the organizational commitment is higher for contract employees than permanent employees, but job insecurity significantly mediates the relationship between employment type and organizational commitment. Effective communication, sufficient opportunities for idea contribution, and the conviction that leadership is committed to the organization enhance employee engagement.

Baqi and Indradewa (2021) found no difference between contract and permanent employee behavior. The paper examines Social Comparison Theory and the Effort-Reward Model.

Fairness affects employees' reactions, according to the Social Comparison Theory. Leadership styles strongly influence employee engagement. Popli and Rizvi (2016) found that age and education greatly impact leadership styles and workforce engagement. Higher productivity, lower turnover and attrition rates, less absenteeism, higher loyalty and goodwill, and better word-of-mouth all reflect employee engagement.(Olowe, 2021). Further, it was found that contract employees report a happier work environment than permanent employees while doing less of one type of work and other extra labor (Ang and Slaughter, 2010). Supervisors say contract workers are less loyal, obedient, and trustworthy. Permanent and temporary employees had different psychological contracts. However, there was no substantial difference in organizational commitment between permanent and contract employees. However, because of the misconception of higher levels of commitment, permanent employees have traditionally been favored over temporary staff(Firdaus, 2021).

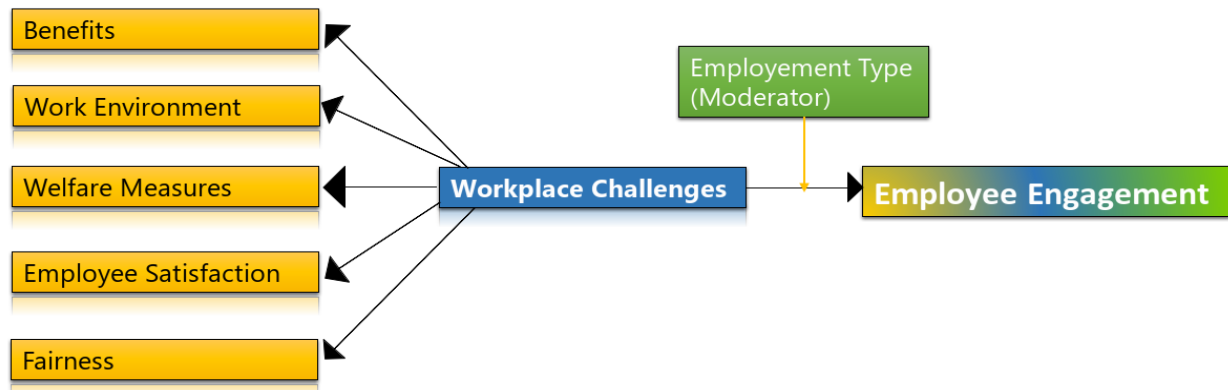
Contract employees are anticipated to possess a transactional contract that prioritizes financial aspects, while permanent employees are expected to engage in a more relational contract that emphasizes organizational loyalty and a commitment to rewarding employment (Goldan et al., 2023). The proportion of the workforce engaged in temporary contracts is increasing as firms employ non-permanent staff as a flexible resource. Temporary employees maintain a unique psychological contract with the firm in contrast to their permanent counterparts. The findings indicated that permanent employees experienced diminished job satisfaction and engagement, along with increased exhaustion, while perceiving job uncertainty. This can lead to emotional instability, thereby stress and low work performance (Francis & Sharath Kumar, 2023). Moreover, the effort-reward model posits that when employees perceive a misalignment between their effort and rewards, their dedication, work initiative, well-being, and satisfaction deteriorate. Ongera, R. M. (2023).

After reviewing the literature, we identified research gaps. Most studies examined broad factors found through research. Previous research ignored employee welfare's impact. Benefits and work circumstances depend on employment type;however, employee engagement was not addressed. Studying employee performance does not focus on specific factors. We did not find specific factors that could lower employee engagement. To the researcher's knowledge, there is little research on how permanent and contract jobs affect IT staff work engagement. The researcher has identified a current gap that warrants further investigation.

Based on our review of the permanent and contract employment literature, some of the most notable gaps in knowledge were identified, which suggest avenues for future research. Previous research has focused on job satisfaction and organisational commitment, but not on how employment contract types affect employee well-being and motivation. Although researchers have known for years that permanent and contract employment have very different benefits packages and working conditions, the literature does not adequately address how these contractual differences affect employee engagement levels, which is important because, after better assessment tools, engagement must be validly interpreted as a predictor of organizational performance. Current employee performance research is overly generic and fails to identify the unique drivers of performance differentials or the organizational, psychological, and contextual elements that cause disengagement per work contract category. More importantly, while employment contracts affect work engagement, the relationship has not been studied in the Information Technology sector, which has highly skilled workers, project-based structures, and competitive talent markets. These gaps are addressed in this study.

## Conceptual Model of the Study

Based on a literature review and the gap in literature discussed in the above text, figure 1 depicts a conceptual model for study.



**Figure 1. Conceptual Model**

The model shows how workplace issues like lack of benefits, adequate work settings, welfare measures, employee unhappiness, and unfairness affect IT sector employee engagement. The model also reveals that permanent and contract employees moderate this relationship.

## Scope of the Study

Bangaluru is home to prominent IT companies and is known as India's Silicon Valley. The city boasts a rich heritage, diverse culture, pleasant climate, and multilingual atmosphere. Consequently, Bangaluru draws employees from around India, showcasing various cultures. Bangaluru is conducive to research.

## 1. Methods and Methodology

This study uses empirical methods. IT employees in the selected companies in North Bangalore were the study's population. We collect data through convenience sampling. This study obtained primary data from Bangalore North IT permanent and contract employees. We collected data using a 31-item pre-designed questionnaire. Based on literature analysis, relevant experience, and suggestions, experts created the questionnaire. The questionnaire had a demographic profile, scaled factors, and short answer questions. Before delivering the questionnaire to the general public, a pilot study checked its validity and reliability. A total of 210 replies were received.

The demographics features of the respondents are analysed using descriptive statistics. Exploratory factor analysis was carried out to explore the challenging factors. Each factor's criticality was determined by regression analysis. Mean differences in workplace problems were tested for statistical significance using an independent sample t-test. Using structural equation modeling, the causal link between workplace problems and employee engagement was examined. Further, the moderating effect of employment type on the workplace challenges-employee engagement was examined in this study using structural equation modeling (SEM).

## Data Analysis

The objectives are achieved through different statistical analysis. The current research examined four key objectives to investigate workplace challenges that affected employee engagement in firms.



### **Data Screening**

Reliability analysis assesses the dependability of questionnaires and internal consistency in data. The Cronbach's alpha value 0.90 which is above the cut-off level 0.7 indicated the optimal internal consistency of data. Additionally, outliers and missing values are corrected. Exploratory Factor Analysis (EFA) extracted a single factor, which accounted for 38.26% variance, below the 50% criteria, suggesting no Common Method Variance (CMV) exists in the data set. A KMO value above 0.80 and a Bartlett's test result with a p-value below 0.05 indicated the data adequacy for factor analysis.

### **Demographic Profile of the Respondents**

In addition, the respondents' demographic characteristics were analyzed. The outcome revealed that female respondents (57%) dominantly outnumbered male respondents (43%). The majority of respondents were aged 46–55 years, while the least number were aged under 25 years. Of the total respondents, 79% were full-time employees and 21% were contract-based.

### **Challenging Factors**

EFA was used to determine the barriers employees encounter in achieving organizational engagement. The principal component analysis, which used varimax rotation, was the most effective method for extracting the maximum number of uncorrelated variables. KMO and Bartlett's tests were done first to determine sample adequacy and data suitability for factor analysis. The KMO value exceeding 0.80 confirmed the adequacy of the sample. With Bartlett's test value within the significance level, the data is suitable for factor analysis. The values fulfilled Table 1's threshold criteria, confirming the sample and data for factor analysis.

Further, a factor analysis was conducted with principal component analysis and varimax rotation to derive maximum uncorrelated factors. The variables that explained the highest variance included "Recommending company to others (0.84), Leadership approaches (0.83), and Employee benefits (0.81)." However, variables like "hybrid mode of work (0.64), employee policies, and overtime (0.63)" explained the lowest variance.

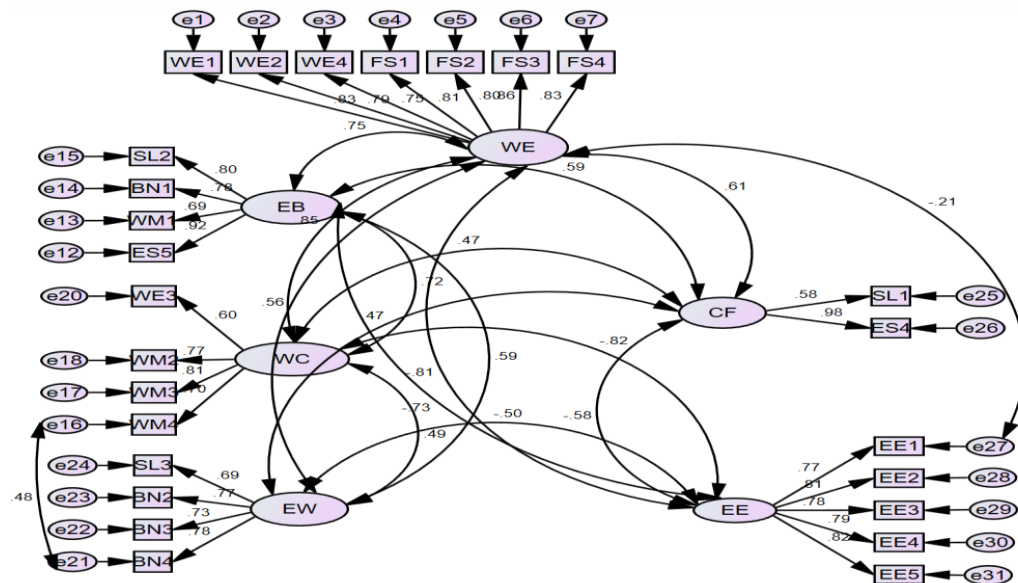
The factor analysis identified five key challenges faced by employees. Thus, the challenging factors derived were work environment, employee benefits, employee welfare, work convenience, and compensation factors. These five factors collectively explain a cumulative variance of 73.80% and the factors were named based on the closeness of the grouped variables. We group the work environment factor by variables such as a peaceful and safe work environment, the relationship between employees and leaders, and the company's policies, among others. We group the compensation factors based on variables such as equitable salary and employee satisfaction, among others. We group the factors for employee benefits based on variables such as the provision of insurance and medical benefits, as well as the satisfaction of employees with these benefits. The factor of employee welfare is grouped by variables like overtime payment, allowances, transportation facilities, etc., and the factor of work convenience is grouped by variables like facilities to work, workshops, safety measures at the workplace, etc.

Further regression analysis is carried out to explore the most impactful challenge factor in employee engagement. The results indicate that work environment (WE) is the most important independent variable at 29.42%, influencing all other factors evaluated. Employee Benefits (EB) variance (11.06%) is marginally followed by Employee Welfare (EW) variance (9.91%) and Work Convenience (WC) variance (9.91%), indicating substantial but weak explanatory power. Examples include the mean score for CF means, which was the second highest in descriptive

statistics but only explained 7.20% of the variance. This implies that while respondents may value compensation, it has the least predictive potential for the outcome variable. Workplace conditions are the most significant predictor, while money, although important, plays a lesser role.

Thus, the work environment accounted for the highest percentage of variance at 29%, while employee benefits accounted for 13% of the variance among all variables considered.

Further, confirmatory factor analysis (CFA) validated the factor structure with two modification indications for validity. Modification indices lower chi-square to improve model fit. See Figure 2 for the CFA path diagram.



**Figure 2—Path Diagram of Factors**

The calculated Chi-square value (445.15) was statistically significant, with a P-value below 0.05, signifying adequate model fit. Table 3 shows other measures of how well the model fits, which are usually used in Confirmatory Factor Analysis (CFA) to check if the model is accurate (Kline, 2011).

**Table 3. Model Summary Fit**

Goodness of Fit Index	CMIN/DF	NFI	RFI	GFI	TLI	CFI	PNFI	RMSEA
Derived values	1.644	0.92	0.91	0.92	0.91	0.91	0.72	0.06
Thresholds	>3	0.90	0.90	0.90	0.90	0.90	0.50	0.80

“DF—degree of freedom, NFI—normed fit index, RFI—relative fit indices, GFI—goodness of fit index, TLI—Tucker Lewis index, CFI—comparative fit index, PNFI—parsimony normed fit index, and RMSEA—root mean square error of approximation.”

All goodness-of-fit indices exceeding the threshold demonstrated a good model fit. The Standardised Regression Weights (SRW) for the were predominantly above 0.70 indicating that all factors have high explanatory power to predict the employee workplace challenges

Further, the Composite Reliability(CR) and average variance explained (AVE) were calculated from SRWs to understand the convergent validity of the model. All calculated values were above the threshold limits of CR and AVE which is 0.70 and 0.50 respectively, indicating the convergent validity of the model;that is, the variables are well correlated under each factor. The CR and AVE values of the model are reported in Table 4.

**Table 4—CR and AVE Values**

<b>Factors</b>	<b>CR</b>	<b>AVE</b>
<b>Work Environment</b>	0.93	0.66
<b>Employee Benefits</b>	0.88	0.65
<b>Compensation Factors</b>	0.78	0.65
<b>Work Convenience</b>	0.82	0.53
<b>Employee Welfare</b>	0.83	0.55
<b>Employee Engagement</b>	0.89	0.63

Further,Table 5 indicates the discriminant validity (DV) of the model. The results indicated that the diagonal values are higher than the other inter-factor correlation values, indicating a favorableDV of the model.

**Table 5. Discriminant Validity of Factors**

	<b>WE</b>	<b>EB</b>	<b>CF</b>	<b>WC</b>	<b>EW</b>	<b>EE</b>
<b>WE</b>	0.81					
<b>EB</b>	0.75	0.80				
<b>CF</b>	0.61	0.59	0.81			
<b>WC</b>	0.63	0.72	0.47	0.73		
<b>EW</b>	0.56	0.59	0.47	0.49	0.74	
<b>EE</b>	-0.71	-0.73	-0.58	-0.76	-0.50	0.79

The final determined factors remained unchanged following the CFA analysis. These factors are further examined by structural equation modeling (SEM) to analyze the interrelationships among them.

Descriptive statistics were used to evaluate the importance of the generated factors, whereby the mean value was calculated for every factor according to the responses received from the employees.According to the descriptive statistics, employee welfare has the highest mean level of 3.08, and thus the respondents find welfare factors to be most important among all measured factors. The compensation factor is next at 2.54, indicating moderate importance for salary and monetary benefits. Work Environment (2.12), Work Convenience (2.23), and Employee Benefits (2.04) have lower mean values, indicating that these aspects are viewed as less important in the study context compared to employee well-being and compensation.

The results indicate that a lack of employee welfare measures has been identified as the major challenge for both permanent and contract employees. This depicts that many of the respondents



are not being paid with allowances like car or vacation, etc., and most of the employees are not being paid overtime for their extra hours spent working for the organization. The organization's provision of insurance, medical facilities, and hybrid modes of working had the lowest average value. These lower mean values also indicate that most organizations offer their employees both insurance or medical facilities and options for hybrid modes of working.

**The study compares the challenges faced by contract and permanent employees in the workplace.**

To analyze the variation in workplace challenges among contract and permanent employees, an independent sample T-test was conducted.

**The following list includes alternative hypotheses for the independent sample t-test.**

H<sub>1</sub>: The challenges regarding the work environment significantly vary among contractual and permanent employees.

H<sub>2</sub>: The benefits provided to employees significantly vary among contract and permanent employees.

H<sub>3</sub>: Employee welfare measures significantly vary among contract and permanent employees.

H<sub>4</sub>: Work-related facilities significantly vary among contract and permanent employees.

H<sub>5</sub>: Compensation factors significantly vary among contract and permanent employees.

The results of the test are reported in Table 7. The results indicate that contract employees face more challenges than permanent employees. Among these challenges, there is a significant difference in the employee benefits provided to contract employees compared to the permanent employees. However, in employee welfare measures, the challenges among contract and permanent employees are negligible.

**Table 7. Independent Sample T-test**

Type of employment		Mean	t-Value	P-value
Work Environment—WE	P	2.00	<b>-2.79</b>	0.01
	C	2.57		
Employee Benefits—EB	P	1.83	<b>-5.69</b>	0.00
	C	2.83		
Employee Welfare—EW	P	3.01	<b>-1.19</b>	0.24
	C	3.36		
Work Convenience—WC	P	2.13	<b>-2.42</b>	0.02
	C	2.62		
Compensation Factors—CF	P	2.47	<b>-1.64</b>	0.10
	C	2.80		

P=Permanent; C=Contract

To know the statistical significance of these mean differences, t-values calculated were analyzed, and the significance level was checked. The p-values of employee welfare and compensation factors were above the level of significance of 0.05, and the t-values were lower than the t-critical value of 1.96. The results indicated that these challenges are the same for both permanent and contract employees in the selected organizations. We found that the work environments

provided to contract and permanent employees varied, with contract employees encountering more challenges. Further, in terms of employee benefits and work convenience, contract employees were also facing more challenges, and these differences were statistically significant too.

Therefore, the independent sample test concludes that there are no differences in employee welfare and compensation factors between contract and permanent employees. However, there is a significant difference among contract and permanent employees in factors such as work environment, employee benefits, and work convenience; that is, in these areas permanent and contract employees are being treated differently.

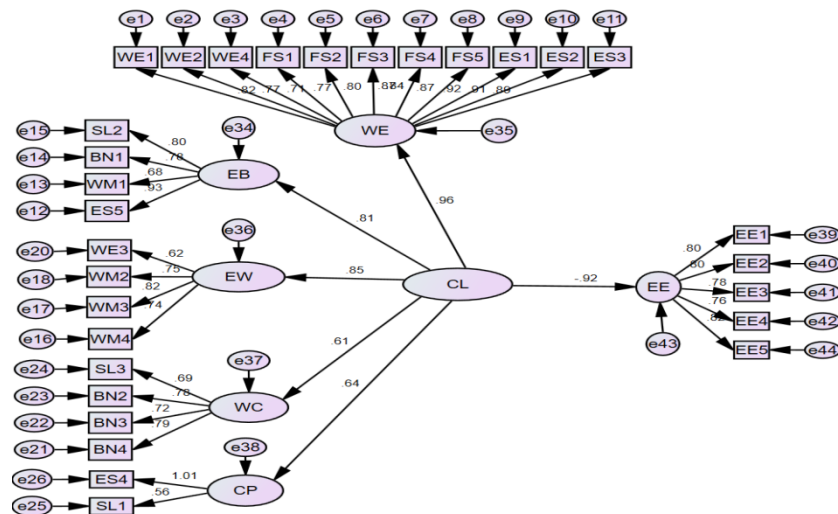
### Developing a model to enhance employee engagement through mitigating workplace challenges

Structural equation modelling (SEM), which included all study variables, examined the influence of workplace challenges on employee engagement. The structural model can illustrate the theory that explains the interrelations among the various constructs. SEM analysis examines the proposed correlations between employee engagement and workplace issues.

Hypothesis framed for this causal relationship:

H6: Employee engagement is impacted by the workplace challenges among IT sector employees

Figure 3 displays the path diagram for this relationship.



**Figure 3—SEM of Workplace Challenges Affecting Employee Engagement**

The model was developed, and the derived value of the beta coefficient was -0.92. The SRW for the work challenges-employee engagement relationship had a very high negative association and was statistically significant too. The result indicates that workplace challenges negatively impact employee engagement in organizations. Therefore, keeping workplace challenges low is crucial for enhancing employee engagement.

Further to determine the model validity, goodness-of-fit indices of the final model were calculated and reported in Table 8. All major fit indices satisfied the thresholds (Kline, 2011; Byrne, 1998), indicating a good model fit for predicting employee engagement.

**Table 8. Model Fit Summary—Objective 4**

Goodness of Fit Index	CMIN/DF	NFI	RFI	GFI	TLI	CFI	PNFI	RMSEA
Derived values	1.72	0.92	0.90	0.91	0.90	0.91	0.71	0.06
Thresholds (Kline, 2011)	>3	0.90	0.90	0.90	0.90	0.90	0.50	0.80

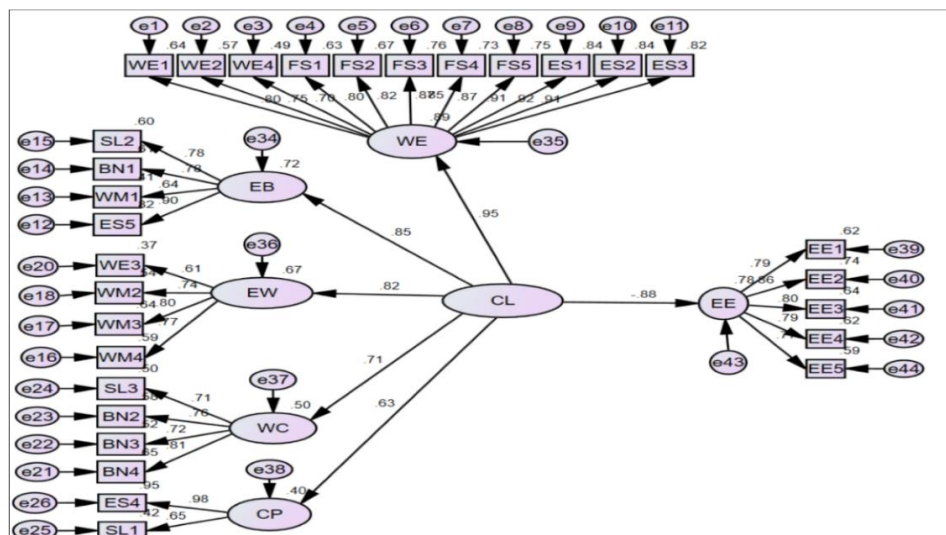
### Moderating Effect of Employment type on Work Challenge-Employee Engagement Relationship

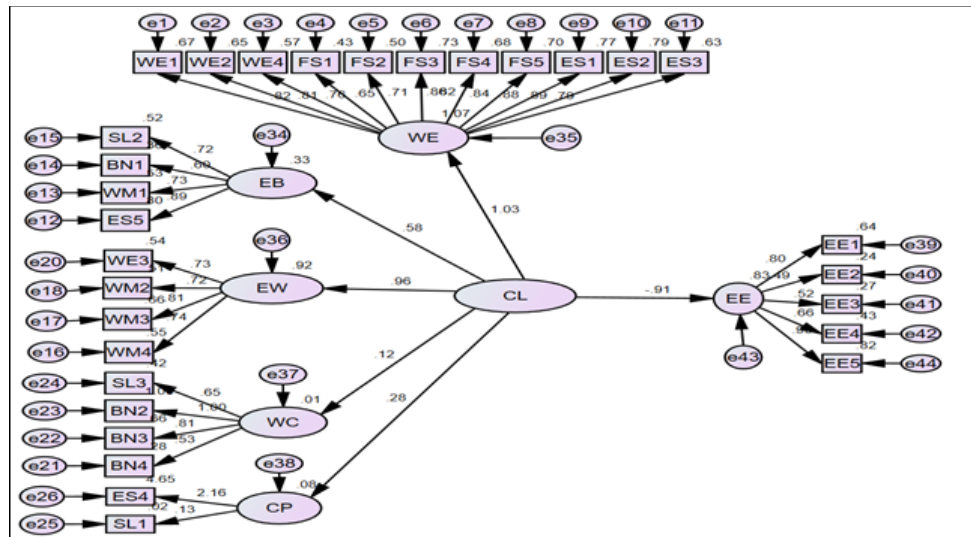
Further, the categorical moderation analyzed the moderating effect of employment type on the employee engagement and workplace challenges relationship in the IT sector. A meta-analysis refers to the categorical moderators as subgroup analyses, which compare the impact of various study subgroups (Hair et al., 2010). Here, employment type is considered as a dichotomous moderator variable to understand the difference in the work challenge-employee engagement relationship among permanent and contract employees. The justification for using employment as a moderator variable was that the work challenges vary among permanent and contract employees, and this was explored previously through an independent sample t-test.

Below is a diagram that illustrates this relationship's hypothesis.

H7: Employment type moderates the relationship between employee engagement and workplace challenges.

Figures 4 and 5 display the path diagrams for the permanent and contract employees, respectively.

**Figure 4—Path Diagram of Permanent Employees**



**Figure 5—Path Diagram of Contract Employees**

The results showed that the P-values were important for both types of employment, and the beta values were also significant for both permanent ( $\beta = -0.88$ ,  $P = 0.00$ ) and contract ( $\beta = -0.91$ ,  $P = 0.00$ ) employees.

Among both employees, the work challenge-employee engagement relationship was very high and statistically significant. However, the calculated critical ratio of difference, 0.87, was lower than the threshold value of  $\pm 1.96$ . The results show that employment types do not moderate the relationship between workplace challenges and employee engagement among IT sector employees. The critical ratio calculated was below the threshold value, indicating that there was no moderation effect of employment type on the work challenge-employee engagement relationship, and therefore the null hypothesis was accepted. The results call into question the traditional assumptions that differential servicing approaches are indicated and suggest that organizations should implement uniform engagement approaches for all employees, regardless of their employment type.

## Discussion

This research has important implications for the relationship between employment type, workplace adversity, and employee engagement among IT workers. Theoretically, the five dimensions of work challenge provided a nuanced picture of the role of factors in employees' experiences with various employment modes. Workplace challenges explain a high proportion of variance in employee engagement (92%), highlighting the imperative of addressing these challenges in both permanent and contractual employment. This strong association implies that engagement is a function of the quality of workplace experiences rather than the formal contract of employment. The substantial distinctions in the work environment, employee benefits, and ease of work challenges among permanent and contract workers indicate systematic inequality in organizational treatment. Contract workers are significantly more likely to struggle in obtaining benefits and flexible work arrangements, suggesting that businesses may be creating a two-tiered employment system. Further, employment type does not moderate the challenge-engagement relationship, telling us that permanent and contract employees do not differ in their reactions to workplace challenges, countering the assumption that contract workers are apathetic or submissive to bad labor conditions.

**Theoretical and Practical Implications**

Theoretical contribution entails the revelation that motivators of engagement cross formal employment contracts, contradicting assumptions that contract and permanent employees have different needs and responses. This has important implications for how firms frame their workforce strategies and approach the complex problem of human capital management in the face of increasingly contingent employment. There are some straightforward practical implications from this: if you are an organization looking to maximize engagement across your workforce, then you should primarily concentrate on delivering fair and high-quality work experiences for all employees, irrespective of type of employment. "Dividing people into groups who receive different treatment based on whether they have an employer isn't the right strategy and is going to reduce participation without meaningful strategic benefit." Organizations must acknowledge that the drivers of engagement are relatively universal among different types of workers. Discriminating between contract and staff employees with respect to benefits and job convenience may be self-defeating, leading to lower commitment while not obtaining appreciable cost advantages. Thus, perceived fairness in the workplace is a significant consideration, as different treatments based on type of employment may create lower engagement and even give rise to legal and moral situations with business equity at stake.

**Recommendations**

The analysis's output informs the suggestions and recommendations. The analysis clearly states that employment type does not impact the workplace challenges and employee engagement relationship. The workforce nowadays chooses their jobs based on their convenience. Some choose challenging jobs, whereas some choose a job that is less challenging. While both job options are available, retaining employees becomes a significant challenge. Therefore, understanding the workplace challenges helps in enhancing employee engagement. It is recommended that to achieve employee engagement, the purpose of employment of employees should be understood, based on which organizations can frame their strategies. Employees, whether permanent or contractual, have pros and cons. While organizations look at reducing costs by contractual agreement among employees, it also becomes important to keep them involved and interested and fairly treated in their work. Therefore, payroll companies can overcome employee disparities by providing similar facilities and benefits to all employees. If they are treated equally, it creates a lively workplace, which helps in boosting performance of all employees, which in turn improves employee engagement.

**Limitations and Future Scope for Study:**

Recognizing several limitations is necessary. This study's cross-sectional design, which complicates causal inferences, makes it necessary to conduct a longitudinal assessment. Second, unbalanced sample sizes across the different professional groups may restrict the power of comparisons, even though they represent the true employment structure. Additionally, future research could explore the ways in which these relationships might moderate, depending on the analysis context. Furthermore, qualitative research into the lived experiences of contract and permanent employees may shed light on the process driving the quantitative findings.

The study also suggests several possible areas for future research, like looking into how organizational culture could affect the relationship between employment type and engagement, considering the influence of career stage on these relationships, and examining how new work arrangements (like hybrid contracts) affect engagement patterns.



## CONCLUSION

This study shows that challenges in the workplace can be expected to be a general motivator of employee engagement in IT work regardless of the type of employment involved. Although contract staff face relatively much higher challenges in certain categories, especially employee benefits and work convenience, the underlying pattern of challenges and engagement remains the same for contract and permanent employment. As IT and staff arrangements continue to change with the times, understanding these dynamics is critical to organizational performance. The results indicate that the future of workforce management is not about treating different types of employment differently; it's about building a work experience that you can use in any type of contract and that will attract and retain talent independent of the work contract. Employee engagement, according to the study, attempts to represent the quality of workplace experiences and is not a function of the type of employment contract. Companies that embrace this concept will be more likely to create engaged, high-performing workforces in today's competitive IT environment

## Conflict of Interest Statement:

The authors declare no potential conflicts of interest with respect to the research, authorship, & publishing of article.

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