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# Competence Development in Fixed-term Employment

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Keywords: Competence development, atypical employment, continuing vocational training, lifelong learning

**Abstract:** A German research project seeks to provide answers on how fixed-term employment affects the development of occupational competences. The objective is to compare the impact of this form of employment on competence acquisition by fixed-term employees and employees in “normal” working relationships from a subjective angle. Criteria for comparison are: scope for activity, task diversity, complexity of work, career opportunities, participation in formal continuing training, social support and integration, decision-making powers, information offerings as well as job satisfaction. The project uses qualitative and quantitative research methods - that are a guided qualitative survey on the one hand and a representative survey of the workforce on the other one. Main findings are to be presented.

## Background

Changes in working life and companies' growing flexibility requirements lead to more and more flexible and non-traditional working conditions. In fact, there are a lot of people finding themselves in part-time work, temporary agency work or fixed-term contracts. The proportion of people having a permanent full-time employment has decreased significantly from 65.2% in 1968 to 51.5% in 2002 (cf. SOFI/IAB/ISFI/INIFES, 2005).

Especially the number of fixed-term contracts has increased: By 2004 this figure had already climbed to 2.2 million (8.1%) fixed-term employees out of a total of 31.4 million employees, and 2008: nearly 10 % (without apprenticeships; cf. Statistisches Bundesamt, 2008).

A project of the German Federal Institute for Vocational Education and Training (BIBB) aims to investigate the experiences employees with fixed-term contracts have made and how they look upon their current working conditions. In addition, we seek to find indications for the employees' development of vocational competences. As a result of the processes of change in the economy, technology and society, it is becoming ever more important for workers to develop their skills in order to retain their individual employability. If there are no opportunities to use one's own skills and competencies, there is a danger that they will be lost (cf. Dehnbostel & Elsholz, 2007).

Although in recent years several studies have been carried out on the acquisition of competencies in general and in specific professions, there is a lack of studies comparing the differences in the development of competencies between employees with a regular work, meaning traditional unlimited working contracts and employees with fixed-term contracts. The question of vocational competencies and competence development is of great importance to temporary workers -such as fixed-term contracts- in particular, since they have committed themselves to

changing workplaces and thus to changing vocational activities and a changing professional/social environment.

### **Structural change within the employment system:**

#### **Increasing number of atypical employment**

One reason for the increasing number of fixed-term contracts is seen within the high need on flexibility companies have on the product market (cf. Bosch, 2003). Old, rather rigid modes of working do not contribute to guarantee the everlasting survival of a company within the today's market situation. Therefore there is a need on flexible staff. As a result of increased pressure of competition, firms demand more flexible, adaptive employees who can be placed in a versatile, short-term fashion. Therefore, the proportion of employees with regular employment has been decreasing since 1970 (cf. Schäfer, 2001; Sauter, 1998).

As a result of the decreasing number of regular employment the employees have a weaker bargaining position. That is because some important criteria like employee pension, social plans, continuing vocational training or employee protection don't apply for the increasing number of atypical employment, or they apply only partly for them. Fixed-term employees frequently have to cope with an intensification of work and time pressure, but they hardly ever provided with support measures by means of vocational competencies development, for instance within the companies.

Another implication going along with the structural change in working life is the so called "precarization" of work, which is mentioned critically in several publications. Dörre (2006) for instance refers to the french sociologist Robert Castel (2000) by indicating the sense of social insecurity. He classifies this as a consequence of the atypical employment which is associated with massive societal processes of disintegration. He concludes that the impacts of atypical employment can only be determined by including the subjective handling of the processes of "precarization" within the investigations.

A further aspect which needs to be addressed is the situation of the fixed-term employees. Findings by an investigation in the automotive industry (cf. Vogel, 2003) show that the majority of the interviewed persons with a fixed-term contract describe the situation on the labour market, the working life and the working condition as being wearing, dangerous and stigmatizing.

On the contrary Dietz & Walwei (2008) evaluate the increased atypical employment as being positive: For them atypical employment can contribute to stabilize the employment situation within a fundamental economically and socially change. In their opinion for example disadvantaged people with a weaker competitive ability are getting their chances and opportunities. But they identify also disadvantages of atypical employment which ought to be noticed, for example the lack of identification with the company.

What does this mean for the individual job satisfaction and the competences of the employees with fixed-term contracts?

#### **Research objective, theoretical background and research questions**

Due to these structural changes and its impacts mentioned above, the present research project aims to investigate how the fixed-term contracts affects the development of vocational competences. Because of the growing number of these kinds of jobs a big need on research has emerged. To date, vocational training research in Germany has scarcely touched on this question for this special target group. However, since the type of temporary employment is becoming increasing more popular, it is very important that remedial action be taken here, by identifying,

analyzing and assessing the possible ways of developing competencies and skills in this new form of employment.

The aim is to investigate the employees' perspective on the effects of fixed-term contracts and to compare it with employees in regular work. Within the project there is a widespread theoretical background:

The representatives of the *segmentation theory* assume that there exist several different divided sub-labour markets within the whole labour market (cf. Keller & Seifert, 2006). So we can assume for instance that there is a labour market for the permanent employees and another for the fixed-term employees. And it is difficult for the employees to change from one job to another job which belongs to a different sub-labour market. Because the so called sub-labour markets have special working conditions, it has to be noticed that for example the opportunities to advance in one's job position and the job security are different for the different working groups. According to segmentation theory the segment someone is assigned to as well as the qualifications affect as a criterion of selection within the employment system. People want to have an adequate work with adequate working conditions. If someone has a badly positioned job it will potentially be judged as a failure – by himself and by the society. And this might have impacts on the vocational competences and the job satisfaction.

The *human capital theory* assume that the companies' expenditures in the competence development and continuing training have to amortize within a limited period. Companies risk to lose investments or expenditures concerning the employees with fixed-term contracts (cf. Expertenkommission Finanzierung Lebenslangen Lernens, 2004). That is because for some jobs there is a need on long and expensive professional trainings and qualifications. For companies the fixed-term contracts are easier to carry out under the permission that only few and low qualifications are necessary. In this case they don't lose their expenditures. There is often no motivation for the companies to invest in the competence development of employees with fixed-term contracts, because they cannot be sure to benefit from that.

Related to this background we want to examine the following research questions:

- What are the consequences of fixed-term contracts concerning people's development of competencies?
- Do fixed-term employees have the opportunities to take part in continuing vocational education and training (CVET) in their companies?
- How do they evaluate their job situations?
- What about career opportunities for these employees?
- Are there differences regarding job satisfaction between fixed-term employees and permanent employees?

### **Methods**

To obtain answers to our questions and to gain more information about this research area, we used a combination of qualitative and quantitative research methods.

In a first step we conducted 25 qualitative semi-structured interviews with employees with fixed-term contracts, two with employees with regular contracts and three with employers. The objective was to gain deeper insights into the special situation of employees having fixed-term contracts. We mainly interviewed people from the public sector, but also from the health sector. Two-thirds of them are female and more than fifty percent have the general degree for

university entrance. The interviews were recorded on a digital voice recorder and transliterated afterwards. Then the interviews were summarized and analyzed referring to the qualitative content analysis according to Mayring (2003).

Based on these results we prepared a questionnaire for a representative survey in Germany via computer-assisted telephone interviews [CATI]. We involved people with fixed-term contracts as well as employees for an unlimited period. The employees were contacted via landlines and the numbers were chosen randomly by computer software. The questionnaire used for the telephone interviews contains five sections: In the first section there are some questions about the employees' professional situation and the reasons for their fixed-term contracts. Questions concerning job satisfaction and the evaluation of the current work situation are situated in section two. In section three we asked them about participation in continuing vocational education and training (CVET) and informal learning processes. Then the interviewees should indicate their competencies with a few questions and finally we collected personal data like gender, age, educational level and migration background.

The sample consists of 967 employees, 437 of them with fixed-term contracts and 530 permanent employees. Regarding the sample of fixed-term employees there participated 277 females (63.4 %) and 160 males. The age ranged between 18 and 64 with a mean age of 35.5 years. Educational level varied among these employees. 68.8 % of them had the general qualification for university entrance, 21 % had an intermediate level of qualification and 10.2 % had a secondary general level of qualification. The sample with the permanent employees involved 287 females (54.2 %) and 243 males. The age ranged between 20 and 64 with a mean age of 42.3 years. 47.8 % of them have the general qualification for university entrance, 36.2 % have an intermediate level of qualification and 16 % have a secondary general level of qualification.

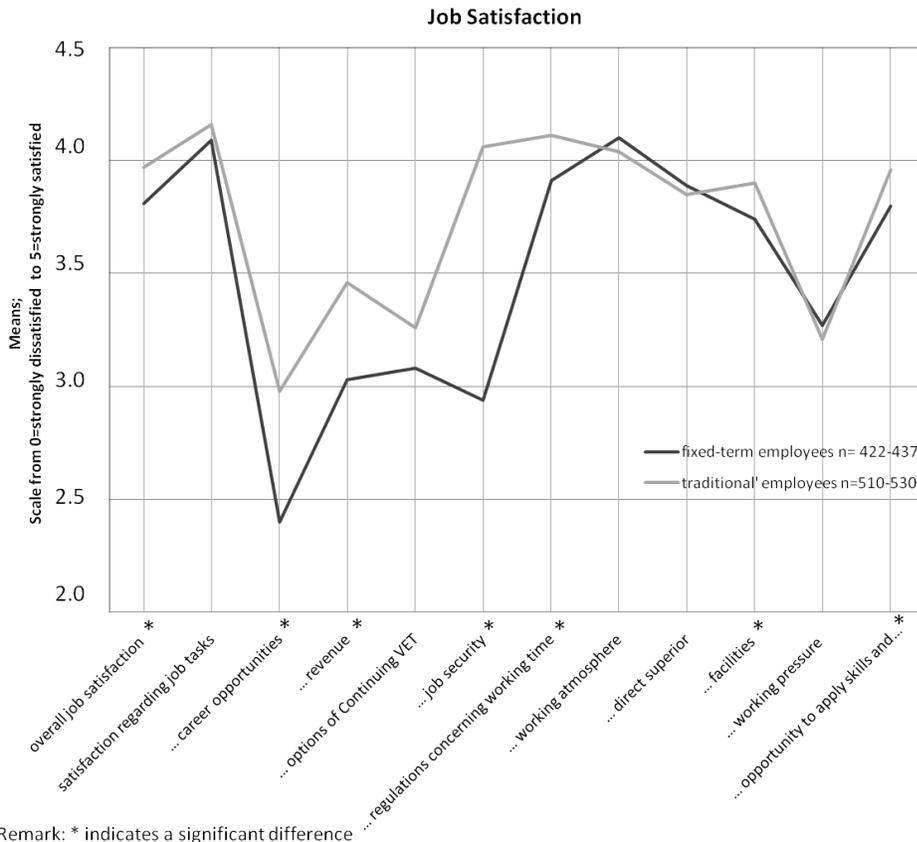
## Results

Concerning the interviews conducted with the fixed-term employees it can be said that nearly all of them talked about negative experiences like insecurity in planning one's future and unfairness in payment and social pressure. Further more they criticized a missing transparency whether they receive an extension of their contract or not. Consequently the people feel less and less safe and the subjective perception of uncertainty has been increasing. But lots of them pointed out that these job contracts have positive aspects, too. For instance, they are able to do different jobs and they often get to know new colleagues. In addition, they learn to take responsibility for their life long learning process and to adapt quickly to new jobs and companies. Consequently, there are indicators from the interviews for both negative and positive consequences of fixed-term employment.

Figure 1 indicates job satisfaction for both groups of employees. First, they were asked about their overall job satisfaction and then about several facets of job satisfaction like income, tasks and direct superiors. They indicate their satisfaction on a five-point Likert-Scale from 0= strongly dissatisfied to 5= strongly satisfied. The graph in figure 1 shows the mean values for employees' satisfaction. Satisfaction on job tasks is rated highest in both groups. Participants are very content with the working atmosphere and regulations concerning working time. In contrast, they are not happy about career opportunities because this aspect has the lowest ratings (2.4 and 2.98). In some items there is no statistically significant difference in satisfaction between the two groups. Namely in satisfaction concerning job tasks (mean 4.09 for fixed-term employees vs. 4.16), options of CVET (mean 3.08 vs. 3.26), working atmosphere (mean 4.1 vs 4.04), the direct superior (mean 3.89 vs. 3.85) and working pressure (mean 3.27 vs. 3.21). In contrast, there are significant differences concerning the overall job satisfaction (mean 3.81 vs. 3.97,  $p < .05$ ), career

opportunities (mean 2.4 vs. 2.98,  $p < .05$ ), revenue (mean 3.03 vs. 3.46,  $p < .05$ ), job security (mean 2.94 vs. 4.06,  $p < .05$ ), regulations concerning working time (mean 3.91 vs. 4.11,  $p < .05$ ), facilities (mean 3.74 vs. 3.9,  $p < .05$ ) and opportunities to apply one's skills and knowledge (mean 3.8 vs. 3.96,  $p < .05$ ).

Figure 1



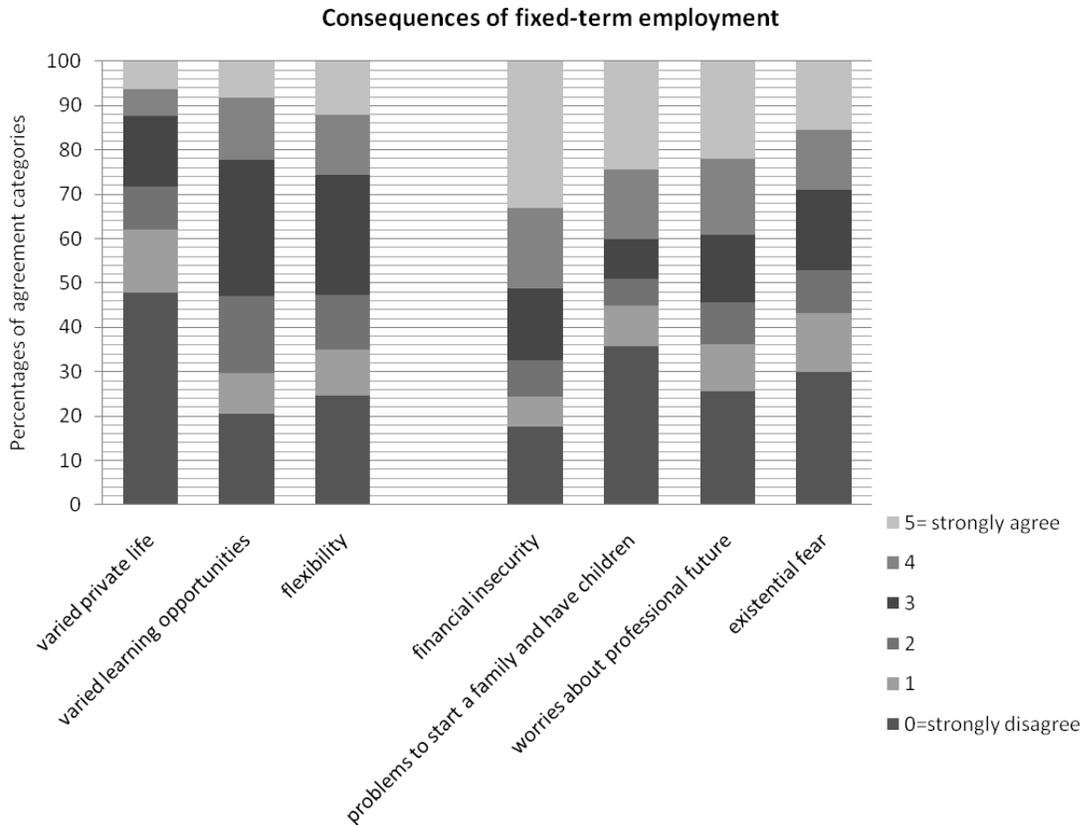
Remark: \* indicates a significant difference

To further investigate the consequences fixed-term contracts have on employees' life, we asked them to evaluate several statements on a five-point-Likert-Scale *from 0 to indicate strong disagreement to 5 to indicate strong agreement*. Figure 2 shows the employees' degree of agreement for three positive consequences of fixed-term employment namely a varied private life, varied learning opportunities and more flexibility and four negative outcomes like financial insecurity, problems to start a family and to have children, worries about one's professional future and even existential fear.

Concerning the first statement almost half of the interviewees (47.9 %) disagreed to the sentence that fixed-term employment leads to a varied private life. Almost one-third chose a medium scale (30.7 % chose scale 3) to express their agreement to the statement that fixed-term employment leads to varied learning opportunities. The response behaviour to statement number three is quite similar. 27.1 % chose a 3, but 24.6 % strongly disagreed to the statement that fixed-term employment offers more flexibility. Regarding the negative consequences one-third (33.1 %) strongly agreed that their contracts lead to financial insecurity. Concerning problems to start a family there was a big proportion which strongly agreed (24.2 %) as well as a big percentage which strongly disagreed (35.8 %). 22 % of employees with fixed-term contracts worry about their professional future whereas 25.5 % do not. The proportion of people who strongly agreed to

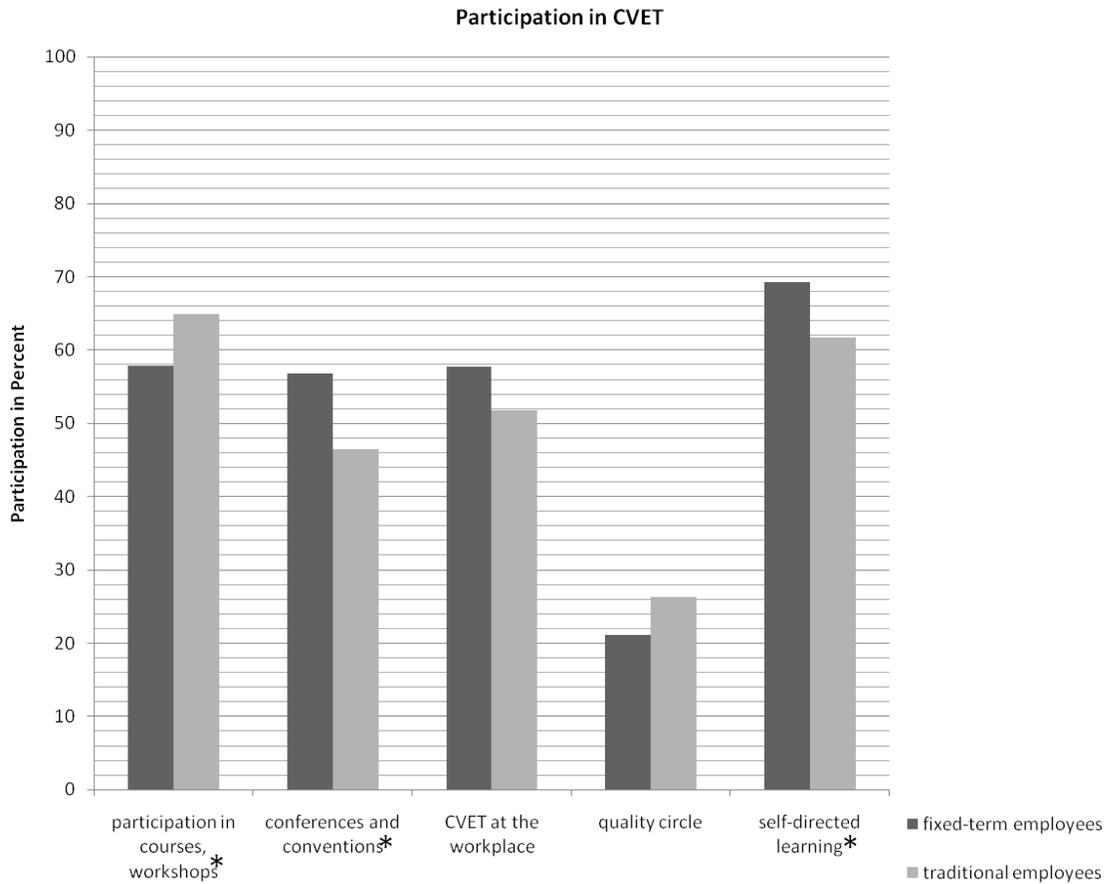
have even existential fear is 15.4 % and almost one third (30 %) strongly disagreed to this statement.

Figure 2



An indicator for competence development is the participation in continuing vocational education and training (CVET). Figure 3 contains information about the differences in participation in CVET during the last two years between fixed-term employees and permanent employees. 57.8 % of the fixed-term employees took part in courses and workshops whereas 64.9 % of the ‘traditional’ employees participated in that kind of CVET. Regarding conferences, CVET at the workplace and self-directed learning a bigger share of fixed-term employees took part. Thus, 56.8 % of them attended conferences and conventions (46.4 % of the employees with non-limited contracts did so, too), 57.7 % in contrast to 51.7 % used at least once CVET at their workplaces and self-directed learning was used by 69.3 % compared to 61.7%. However, the difference concerning CVET at the workplace is not statistically significant which has been proved by a Chi-Square-Test. Finally, quality circles are rarely spread, but more permanent employees take part in them (26.3 %) than fixed-term employees (21.1 %) which is, again, not statistically significant.

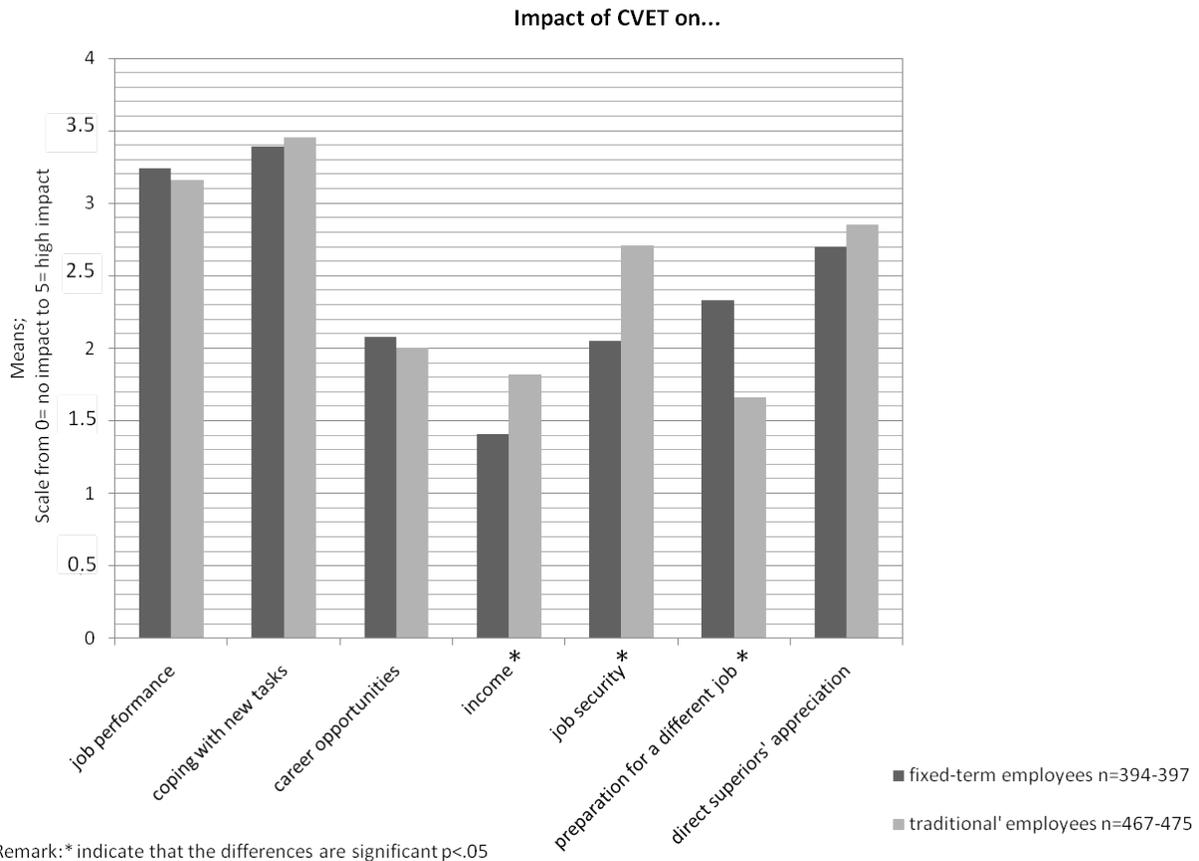
Figure 3



Remarks: \*indicates that there is a significant difference  $p < .05$  tested with the chi-square test

To investigate the consequences of CVET on the employees' job situation both groups were asked what impact CVET had on their personal competencies, their career opportunities, direct superiors' appreciation, their subjective job security and finally on their income. Figure 4 presents the mean ratings. The figure reveals that both groups indicated that CVET particularly influenced their personal competences, namely their performance and their capability to deal with new tasks. Both of these items were rated on average with almost 3.5 with tiny differences between the two groups of employees (fixed-term employees rated job performance with 3.24 and employees with non-limited contracts rated it 3.16; concerning the coping with new tasks the first group rated it 3.39 vs. 3.45). All employees pointed out that CVET has a medium impact on their direct superiors' appreciation (means 2.7 vs. 2.85) and a quite lower impact on their career opportunities (means 2.08 vs. 2). Regarding income, subjective job security and preparation for a different job there are significant differences ( $p < .05$ ) between the ratings of the two groups. For fixed-term employees CVET is regarded to have a stronger impact on the preparation for a new job (mean 2.33 vs. 1.66). Income and job security are rated much higher by permanent employees (means 1.82 vs. 2.71) than by fixed-term employees (means 1.41 vs. 2.05).

Figure 4



### Conclusions

Our study focuses on the working situation of employees with fixed-term contracts. We wanted to find out about their job satisfaction and their possibilities of further competence development, since it is essential to continue learning to enhance one's employability in a competitive labor market.

Through the empirical analyses of the impacts the employment situations have on the vocational competences it was demonstrated that the differences between employees with fixed-term contracts and those with unlimited contracts are not very high. The employees with fixed-term contracts are not deprived because of their employment situation.

However, there are some different findings on some special criteria of job satisfaction. We found out that fixed-term employees are significantly less satisfied with career opportunities and the opportunities to apply skills and knowledge at work. In addition, few people agreed to the statement that their job offers them a lot of learning opportunities (cf. Figure 2). Consequently, there is some evidence that working environment in fixed-term employment is less suitable for learning and more restricted.

In contrast to this fixed-term employees didn't indicate a lower satisfaction with opportunities of CVET. In fact, their participation in various measures of CVET is quite similar to that of the permanent employees. In some cases their participation in CVET is even higher, so obviously they are not disadvantaged. The same applies to quality circles and working teams.

These results do not support the assumptions of Human Capital Theory which argue that companies are not interested in investing money in fixed-term employees' competence development as they cannot be sure to benefit from that.

But the employees with a fixed-term contract highly indicated to use the opportunities of self learning directly at the working place, the continuing vocational training at the working place and they visited specialized speeches and conferences in a higher extent than the regular workers do.

Regarding the career opportunities the regular workers evaluated them more positive than the fixed-term employees. Another important point is the higher financial insecurity of the fixed-term employees just as the anxiety about the professional future.

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