

A SCOPING REVIEW OF THE CHALLENGES AND ADVANTAGES ASSOCIATED WITH ORGANISATIONAL TRANSITION FROM PERMANENT EMPLOYMENT TO CONTRACTUAL WORKFORCE

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Abstract

This scoping review paper examines the transition from permanent employment to a contractual workforce, focusing on its implications for organisational performance and cost metrics. It explores the key drivers, challenges, and advantages of this shift within contemporary human resource management practices. The growing adoption of contingent labour reflects a global shift towards flexible employment models driven by cost efficiency, market competitiveness, and access to specialised skills. While permanent employment is characterised by indefinite contracts and long-term stability, contractual or contingent work involves task-based or short-term engagements. Despite its strategic benefits, this transition raises concerns regarding performance management, employee engagement, and hidden organisational costs. A scoping review design was employed to systematically map existing literature on workforce transitions, followed by an established scoping review framework, incorporating a structured search strategy across Scopus, EBSCOhost, Google Scholar, and ABI/Inform. Boolean operators were used to identify relevant studies, and reference lists were manually screened to ensure comprehensiveness. Data were extracted from peer-reviewed journal articles, postgraduate theses, and policy documents that met predefined inclusion criteria. The PRISMA flow guideline was used to guide the screening, selection, and extraction process, ensuring transparency and rigour in study identification. Results show that while contractual workforce models enhance flexibility, scalability, and access to expertise, they also introduce challenges such as performance measurement inconsistencies, reduced employee engagement, and hidden costs, including turnover and productivity loss. The study concludes that the effectiveness of transitioning to a contractual workforce depends on balanced implementation strategies. A hybrid employment model combining permanent and contingent staff is recommended to optimise performance, cost efficiency, and organisational stability.

Keywords: Human resource management, Contractual workforce, Performance management systems, Cost efficiency, Workforce flexibility.

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1. INTRODUCTION

The transition from permanent employment to a contractual workforce presents both challenges and advantages for organisations, particularly in relation to performance and cost metrics. While factors such as the increased complexity of human resource management, difficulties in assessing performance through traditional metrics, and issues about employee engagement constitute significant obstacles (McKeown & Hanley, 2009; Odongo & Wang, 2019), the potential benefits include enhanced cost efficiency through flexible staffing, increased organisational agility to respond to market fluctuations, and access to a diverse range of specialized skill sets that foster innovation. These advantages offer compelling strategic considerations (Guanopatin et al., 2022; Odongo & Wang, 2019). This scoping review consolidates findings from various studies, emphasising the implications of this transition on organisational dynamics, employee performance, and overall operational efficiency. It also highlights the necessity for organisations to adapt to a rapidly evolving labour market characterised by heightened flexibility and the proliferation of non-traditional employment arrangements. Nonetheless, the review underscores the importance of balancing these benefits with concerns related to job security and employee loyalty to ensure long-term organisational stability within this changing employment landscape.

2. THEORETICAL BACKGROUND

2.1 Employment contract

Premised on the management and employee relations facet, permanent employment means an ongoing job with no fixed end date. Campbell and Burgess (2001) describe it as “the permanent contract of employment, best understood as a contract for an indefinite term”, and Bourhis and Wils (2001) suggest that “The traditional employment contract, often referred to as permanent employment, does not stipulate any specific date for the termination of the employment relationship”.

2.2 Contractual/ contingent workforce (gig workers)

Taking into consideration the human resource management literature, a contractual/ contingent workforce consists of workers hired for specific projects or limited-duration periods rather than ongoing permanent employment, often referred to as contractual/ /contingent workers. Therefore, Khatana & Banerjee (2024) define contingent workers as those engaged specifically for tasks or projects, rather than being hired for ongoing, continuous employment. Janani & Mahaashri (2023) similarly describe contract labour as employment in which a person is hired by a contractor to perform work for a particular period.

2.3 Key drivers of organisational transition from permanent employment to contractual workforce

The transition from permanent employment to a contractual workforce is driven by several economic, regulatory, and strategic considerations. Organisations are increasingly adopting a mix of contingent and non-contingent staff to enhance flexibility, reduce costs, and better adapt to the dynamic demands of the global market. This shift is particularly evident in regions like the Asia Pacific and in sectors such as organised manufacturing, where the use of contract labour has become more prevalent. Key economic and strategic drivers include cost efficiency, as contract workers typically receive lower wages and fewer benefits than permanent employees, resulting in significant savings for companies (Junaid, 2024). Another important factor is flexibility, which allows organisations to hire and release workers according to project needs, enabling them to remain agile and responsive to rapid market changes (Khatana & Banerjee, 2024). Furthermore, the competitive pressures of globalisation require companies to maintain a scalable workforce that can be adjusted up or down as needed (McKeown & Hanley, 2009).

2.4 Significant challenges on the organisational transition from permanent employment to a contractual workforce utilising performance-based metrics

The shift from permanent employment to a contractual workforce introduces numerous challenges, particularly within the domain of performance metrics. Organisations are required to address various complexities associated with performance management systems (PMS) to effectively assess and motivate a contingent workforce.

Organisations often encounter significant challenges in designing effective performance management systems (PMS) for a heterogeneous workforce comprising both permanent and contractual employees. A primary obstacle resides in the selection and alignment of key performance indicators (KPIs), wherein organisations face difficulties in identifying appropriate metrics that accurately reflect strategic objectives while accommodating the distinct roles, expectations, and typically shorter time horizons associated with contractual staff (Brudan et al., 2024). This issue is further exacerbated by cultural adaptation difficulties, as fostering a supportive organisational culture is vital for the success of PMS; however, contractual employees frequently experience a lesser sense of integration, which can adversely impact their motivation, sense of belonging, and overall performance (Khalid et al., 2013). The processes of implementation and standardisation also introduce complexities, as they necessitate substantial modifications in performance measurement practices and consistent application across diverse employment arrangements, goals that are often challenging to realise in practice (Ibbar & Mappisabbi, 2025). Additionally, traditional annual performance evaluations are increasingly deemed insufficient;

organisations are compelled to develop continuous feedback mechanisms through dynamic and agile systems capable of providing ongoing input and adapting to the rapidly changing nature of work (Jaiswal et al., 2024). Conversely, advocates of contractual employment contend that the inherent flexibility of such a workforce can foster enhanced productivity and innovation, as these employees often bring diverse skills, fresh perspectives, and a results-oriented mindset that challenge and ultimately refine conventional performance metrics, thereby highlighting the potential benefits of adopting a more adaptable employment structure.

2.5 Fundamental challenges associated with the organisational transition from permanent employment to a contractual workforce, analysed through cost metrics

The transition from permanent employment to a contractual workforce presents several significant challenges for organisations, particularly when employing cost metrics. These challenges encompass various dimensions of human resource management, performance appraisal, and workforce dynamics. However, the most evident fiscal challenge arises from the reduction in the labour workforce while the overall cost base may remain unchanged. Nollen and Axel (1995) characterise contingent work as a strategy that challenges the assumption of its continuous cost-effectiveness relative to core staffing. Fisher and Connelly's model formalise this notion, indicating that anticipated savings may not be realised once worker productivity is factored into the equation (Fisher & Connelly, 2016).

Across the existing literature, three primary cost metrics are consistently identified. First, turnover and replacement expenses tend to increase with the introduction of temporary staff; Bonet et.al. (2020) identify a positive correlation between the influx of temporary workers and voluntary turnover among permanent employees. They explicitly highlight the "costs of disruption and identity threat" associated with temporary employment. Foote (2004) further emphasises that insufficient socialisation, perceived injustice, and exclusion from decision-making processes can precipitate early departure of temporary staff, thereby driving up rehiring and onboarding costs. Second, expenses related to quality deterioration and rework tend to escalate in certain contexts: Wiengarten et al. (2021) report that higher utilisation of temporary workers significantly increases rejection rates and customer returns. Third, the overall efficiency of output may decline when the proportion of contractual labour becomes excessively high; in South Korean publicly listed firms, increasing the share of permanent contracts correlates with improved performance and efficiency, whereas higher proportions of temporary contracts are associated with diminished performance and efficiency (Lim & Malli, 2022).

The more difficult-to-quantify costs are often overlooked during transition planning and include transaction and coordination expenses, knowledge transfer losses, compliance burdens, and diminished control over

service delivery. One review of outsourcing practices contends that outsourcing can augment organisational complexity, costs, and effort, offering a succinct description of the administrative overhead incurred in managing a more fragmented workforce (Luvison and Bendixen, 2010). In healthcare contexts, a similar pattern emerges through operational metrics rather than accounting figures; a comprehensive military nursing study demonstrated that adding temporary contracted nurses yielded significantly fewer benefits compared to increasing the number of permanent civilian or military nurses, with adverse effects observed in downstream productivity measures (Schwab et al, 2025).

In the realm of performance management, assessing the performance of contractual employees is vital, as it directly influences organisational success. Factors such as supportive communication, targeted training, and performance-based remuneration are essential for fostering motivation and retention (Khalid et al., 2013).

2.6 Advantages conferred by the transition of organisational staffing from permanent employment to a contractual workforce, analysed through performance and cost metrics

The transition from permanent employment to a contractual workforce presents numerous strategic advantages, particularly in relation to performance and cost efficiency. This shift enables organisations to maintain agility and responsiveness to evolving market demands while optimising operational expenses through the reduction of overhead costs, including the elimination of benefits and long-term commitments and enhancing scalability, which permits rapid adjustments to workforce capacity based on project requirements (G&S Consulting Pvt Ltd, 2026). Regarding performance enhancement, organisations benefit from access to specialised expertise provided by contract workers, especially in sectors such as information technology and healthcare, thereby improving the outcomes of projects. Additionally, the capacity to recruit skilled professionals temporarily facilitates expedited project execution and superior service delivery (Min & Lee, 2024). Moreover, this employment model fosters flexibility and agility by establishing a responsive workforce capable of adapting swiftly to market fluctuations, seasonal variations, or project needs. It further allows organisations to outsource recruitment and administrative functions to staffing agencies, enabling a greater focus on core operations and overall productivity enhancement (G&S Consulting Pvt Ltd, 2026). While these advantages are considerable, some contend that an excessive reliance on contractual arrangements may diminish employee loyalty and continuity, potentially undermining organisational culture and knowledge retention in the long term. Consequently, maintaining a balanced integration of contract and permanent positions is often essential to ensure organisational stability while leveraging the benefits of workforce flexibility.

3. METHODOLOGY

3.1 Scoping review design

This study employed a scoping review, which constitutes a type of research synthesis that systematically examines existing literature on a broad subject to identify key concepts, gaps in the current knowledge, and types of evidence available. This process involves the identification, recognition, and organisation of relevant studies to elucidate their characteristics, including the volume of research conducted, the methodologies employed, the principal themes addressed, and areas where further investigation is warranted (McLeod, 2024). The scoping review was conducted following the PRISMA protocol, and the qualitative thematic data analysis was utilised in terms of data scrutiny. The scoping review was chosen over a systematic literature review because of its ability to identify knowledge gaps, clarify conceptual boundaries, and establish research priorities (Khalil et al, 2025). In addition to the preceding assertion, the following questions were affirmed in the study: i) what are the key drivers, organisational challenges, and outcomes of transitioning to a contractual workforce in developing economies, ii) what are the long-term cost implications of transitioning to a contractual workforce, iii) how can performance management systems effectively address the performance and development needs of contractual and permanent employees.

3.2 Search strategy

Regarding this study, an extensive search was executed across multiple academic databases, including Scopus, EBSCOhost, Google Scholar, and ABI/INFORM. The search utilised Boolean operators OR and AND to combine the keywords: human resource management, contractual workforce, performance management systems, cost efficiency, and workforce flexibility, forming a comprehensive search string that was consistently applied across all databases. To ensure a thorough review, the reference lists of the retrieved articles were also examined manually. The search covered articles published from the years 1995 to 2026.

TABLE 1. NUMBER OF RECORDS RETRIEVED FROM DATABASES AND PUBLICATION YEARS

Number of records	Database	Publication years
8	SCOPUS	2004/2024/2016/2022/2021/2025/2022/2025
3	EBSCO HOST	2024/2024/2019
14	GOOGLE SCHOLAR	2020/2001/2001/2022/2025/2024/2023/2024/2013/2020/2024/2010/1995/2026
1	ABI/INFORM	2009

Source: Author's research

3.3 Inclusion and exclusion criteria

3.3.1 Inclusion criteria

Regarding the inclusion criteria for this review, articles and journals aligned with the research topic were deemed relevant. Additionally, peer-reviewed empirical articles, postgraduate theses, and official policy documents were incorporated.

3.3.2 Exclusion criteria

In terms of exclusion criteria, non-English sources lacking verified translations, as well as editorials, opinion essays, and conference abstracts presented in isolation without demonstrable academic merit, were omitted from the list. Additionally, articles failing to adhere to established academic research rigour and processes, such as peer review, were deemed unacceptable for inclusion.

3.4 Screening process and data extraction

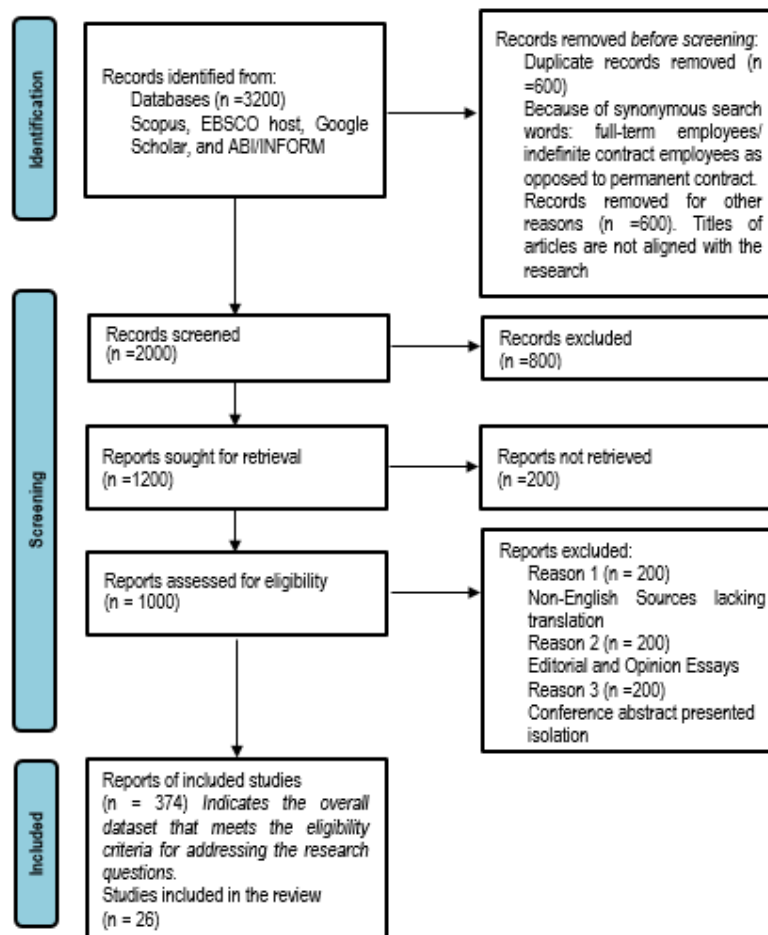


FIGURE 1. THE PRISMA FLOW DIAGRAM

Source: Page et al., 2021

4. GAPS IN THE LITERATURE

A primary geographical and contextual research deficiency exists due to the predominant reliance on data derived from developed economies and select regions, resulting in a critical knowledge gap concerning the dynamics of contractual workforce transition in low- and middle-income countries. Specifically, African contexts remain largely unexplored, characterised by distinct economic informalities, regulatory uncertainties, and socio-cultural labour norms that necessitate focused empirical investigation. Concurrently, a substantial theoretical and practical framework gap is evident, as current management paradigms lack adaptability and responsiveness for hybrid workforces. Existing performance management systems (PMS), key performance indicators (KPIs), and cost-benefit analysis tools are primarily designed around static, permanent employment models and fail to adequately address the heterogeneity, integration challenges, motivational factors, and hidden costs associated with contingent staffing arrangements. These concurrent deficits, one spatial and empirical, the other structural and methodological, highlight an urgent research imperative to generate region-specific evidence from underrepresented geographies and to collaboratively develop flexible, contextually tailored frameworks. Such frameworks should effectively integrate performance assessment, cost efficiency, and inclusive workforce management amid evolving employment paradigms.

5. FINDINGS AND DISCUSSION

The provided scoping review draft effectively synthesises key tensions in shifting from permanent (indefinite-term) employment characterised by ongoing relationships without fixed end dates (Campbell & Burgess, 2001; Bourhis & Wils, 2001) to contractual or contingent arrangements. These involve workers hired for specific projects or limited periods (Khatana & Banerjee, 2024; Janani & Mahaashri, 2023). For each respective theme, multiple studies were associated. The findings related to Theme 1 are consistent with those presented by Khatana & Banerjee (2024), McKeown & Hanley, Min & Lee (2024), Guanopatin et al. (2022), and Odongo & Wang (2019). Regarding Theme 2, the findings were informed by the works of Jaiswal et al. (2024), Ibbar & Mappisabbi (2025), and Brudan et al. (2024). Additionally, the studies conducted by Khalid et al. (2013), Bonet et al. (2020), Wiengarten et al. (2021), and Foote (2004) are also pertinent to this context. Concerning Theme 3, the pertinent studies are as follows: Bonet et al. (2020) and Foote (2004); Wiengarten et al. (2021) and Lim & Malli (2022); Nollen & Axel (1995); Fisher & Connelly (2016); Luvison & Bendixen (2010); and Schwab et al. (2025). Findings from Theme 4 were supported by the works of G&S Consulting Pvt Ltd (2026), Min & Lee (2024), and Maity & Lee (2025).

5.1 Theme 1. Key drivers of the transition

Organisations adopt mixed workforces for a variety of economic, strategic, and regulatory reasons. A primary motivator is cost efficiency, as contractual employees often receive lower compensation, limited or no benefits, and entail fewer long-term employment obligations, thereby reducing organisational expenditures related to insurance, pension plans, and training. Additionally, mixed workforces offer enhanced flexibility and agility, allowing organisations to adjust their labour capacity in response to market fluctuations, seasonal fluctuations, or project-specific needs (Khatana & Banerjee, 2024; McKeown & Hanley, 2009). Such adaptability is especially pertinent in increasingly globalised and competitive business environments. Moreover, organisations gain access to specialised skills and innovative capabilities, as contract workers frequently bring diverse expertise, novel perspectives, and results-driven approaches, particularly within sectors such as information technology, healthcare, and project-based industries (Min & Lee, 2024; Guanopatin et al., 2022; Odongo & Wang, 2019). These factors align closely with the phenomena of globalisation and the expansion of the gig economy. However, existing literature also highlights that cost savings are not inherently assured, as they are heavily contingent upon effective workforce management and the capacity to mitigate hidden costs associated with contractual labour. Furthermore, a study by Khatana & Banerjee (2024) suggests that organisations, especially within manufacturing sectors and the Asia-Pacific region, are increasingly relying on contract employment to attain these strategic and operational objectives.

5.2 Theme 2. Challenges in performance metrics and management

The draft delineates significant challenges associated with the adaptation of Performance Management Systems (PMS) to heterogeneous workforces comprising both permanent and contractual employees. A primary obstacle pertains to the alignment and standardisation of key performance indicators (KPIs), as organisations often encounter difficulties in developing metrics that are equally appropriate for short-term contractual roles and long-term permanent positions. Conventional annual performance evaluations are increasingly regarded as insufficient within such contexts, necessitating the implementation of more continuous, flexible, and agile feedback mechanisms (Brudan et al., 2024; Jaiswal et al., 2024; Ibbar & Mappisabbi, 2025). Moreover, issues related to cultural integration and employee engagement remain paramount, as contractual workers frequently exhibit lower levels of organisational belonging, motivation, and commitment, which can adversely impact overall workforce dynamics and performance outcomes (Khalid et al., 2013). Risks pertaining to productivity and quality also arise in mixed workforce arrangements, with research indicating that higher proportions of temporary employees may elevate turnover among permanent staff due to workplace disruption and perceptions of inequality. Such

circumstances can further lead to increased rejection rates, rework, and a decline in operational efficiency (Bonet et al., 2020; Wiengarten et al., 2021; Foote, 2004). Additionally, performance management for contingent personnel tends to be immediate and project-specific, markedly differing from the long-term developmental strategies typically employed for permanent employees. Insufficient integration of contingent workers may consequently result in knowledge attrition, diminished coordination, and weakened organisational cohesion. Nonetheless, certain studies suggest that contingent employees can positively influence organisational innovation by bringing in novel perspectives, especially when their engagement is supported through effective communication, targeted training opportunities, and performance-based reward systems (Khalid et al., 2013). Despite these findings, substantial gaps persist in the development of dynamic performance management system frameworks tailored specifically for fluctuating and hybrid workforce configurations.

5.3 Theme 3. Challenges in cost metrics

Anticipated cost savings derived from contractual or contingent labour arrangements frequently fail to be fully realised due to concealed and indirect expenses associated with workforce instability and operational inefficiencies. Empirical research indicates that an increase in the proportion of temporary workers is often correlated with elevated voluntary turnover among permanent staff, thereby resulting in additional costs related to rehiring and training (Bonet et al., 2020; Foote, 2004). Moreover, high levels of contingent labour have been associated with declines in quality and operational efficiency, including higher rejection rates, increased customer returns, and diminished productivity (Wiengarten et al., 2021; Lim & Malli, 2022). Nollen and Axel (1995) critically examine the presumption that contingent labour consistently offers cost advantages, while Jacobs emphasises concerns regarding inadequate operational control, escalating costs, and compromised service quality. Similarly, Fisher and Connelly (2016) contend that productivity considerations must be integrated into any comprehensive cost evaluation. Additional administrative and coordination expenses also arise from outsourcing and workforce segmentation, encompassing costs related to compliance, supervision, knowledge transfer losses, and increased operational complexity (Luvison & Bendixen, 2010). Findings from healthcare and military sectors further suggest that temporary employees often yield fewer productivity benefits compared to their permanent counterparts (Schwab et al., 2025). Although contractual labour may initially appear economically advantageous by enabling organisations to avoid long-term employee benefit obligations, research demonstrates that contingent labour is only cost-effective under specific conditions, such as limited reliance and robust management practices. Excessive dependence on temporary workers may, therefore, result in shifting organisational costs rather than reducing them and can adversely impact long-term organisational stability and sustainability.

5.4 Theme 4. Advantages in performance and cost metrics

Balanced perspectives within the existing literature and the draft substantiate the strategic benefits associated with the effective management of flexible and contingent workforce arrangements. These arrangements facilitate cost optimisation by minimising overhead expenses, obviating long-term employment commitments, and offering scalability advantages that enable organisations to respond more efficiently to operational demands (G&S Consulting Pvt Ltd, 2026). Furthermore, they contribute to performance improvements through accelerated project execution, access to specialised expertise, and enhanced organisational agility in adapting to dynamic market conditions (Min & Lee, 2024). By outsourcing administrative functions, organisations can concentrate more effectively on their core operations. Additionally, contingent staffing can foster innovation and increased productivity by emphasising performance outcomes and results-oriented work practices. Such arrangements are especially valuable in managing volatile or cyclical demand without exposing organisations to the financial and operational risks inherent in maintaining a large permanent workforce. Nonetheless, although the advantages are significant, particularly for project-driven operations, an over-reliance on contingent workers may undermine organisational loyalty, weaken workplace culture, and impede knowledge retention. Accordingly, Maity & Lee (2025) advocate for a hybrid workforce model that integrates a stable core of permanent employees with flexible contingent personnel, thereby balancing organisational stability with requisite adaptability.

6. RECOMMENDATIONS

Based on the findings of this scoping review, several recommendations are proposed for organisations, policymakers, and future researchers concerning the transition from permanent to contractual workforce arrangements.

Firstly, organisations should adopt a balanced hybrid workforce model that integrates a stable core of permanent employees with strategically managed contingent workers. Such an approach can facilitate operational flexibility while preserving institutional knowledge, organisational culture, and workforce stability. An overreliance on contractual labour should be avoided, as excessive dependence may lead to higher turnover rates, diminished employee commitment, and compromised long-term sustainability.

Secondly, organisations are advised to redesign and modernise their performance management systems (PMS) to accommodate diverse workforce structures. Traditional annual appraisal systems are inadequate for mixed workforces characterised by short-term contracts and project-based assignments. Therefore, organisations should implement agile and continuous performance feedback mechanisms supported by

flexible Key Performance Indicators (KPIs) aligned with both permanent and contingent roles. Performance frameworks should also incorporate strategies for communication, employee engagement, and skills development to enhance integration and productivity among contingent workers.

Thirdly, organisations ought to conduct comprehensive cost-benefit analyses before expanding contingent workforce arrangements. While contractual labour may initially appear cost-effective, hidden costs such as rehiring, training, supervision, coordination inefficiencies, quality issues, and knowledge attrition must be carefully evaluated. Decision-makers should consider both direct and indirect costs when determining workforce composition.

Additionally, policymakers and labour regulators should formulate policies that foster fair labour practices and safeguard the rights of contingent employees, while maintaining organisational flexibility. Such policies may contribute to reducing workplace inequalities, enhancing employee well-being, and supporting sustainable employment relationships.

7. AREAS FOR FURTHER RESEARCH

Finally, future research efforts should focus on developing dynamic frameworks for performance and cost management specifically tailored to hybrid workforce environments. Further empirical studies are also necessary within developing economies, particularly within African contexts, to better understand the long-term organisational, economic, and social implications of mixed workforce systems across various industries.

8. THEORETICAL IMPLICATION

Taking into consideration the theoretical implications, the transition to a contractual workforce fundamentally challenges conventional organisational theories by exposing a dualistic dynamic: while flexible staffing arrangements are expected to yield cost reductions and performance enhancements, these benefits are often counterbalanced by latent costs stemming from increased employee turnover, quality deterioration, and heightened coordination complexity. This phenomenon undermines the linear assumptions underpinning resource-based views and transaction cost economics. Consequently, this shift mandates an evolution in theoretical frameworks for performance management and human resource strategies, transitioning from static, permanent-employee-centric models to dynamic, agile systems capable of accommodating workforce heterogeneity. Simultaneously, it emphasises the inherent tension

between organisational flexibility and the socio-psychological imperatives of employee integration and loyalty.

9. PRACTICAL IMPLICATIONS

Premised on the practical implications organizations should establish a hybrid workforce model that systematically combines permanent employees with contingent personnel to ensure the preservation of institutional knowledge and organisational culture, while enhancing cost management flexibility. Reliance solely on contractual labour should be minimised to reduce risks associated with increased turnover rates and potential declines in work quality. Moreover, companies must overhaul performance management frameworks to integrate continuous feedback processes and adaptable Key Performance Indicators (KPIs) specifically designed for short-term contractual positions. Before scaling contingent workforce deployments, comprehensive cost-benefit analyses should be performed, explicitly accounting for hidden costs such as rehiring overhead, training expenditures, coordination inefficiencies, and knowledge attrition.

10. LIMITATION OF THE STUDY

The review primarily references research conducted within developed economies and select regions. This geographical concentration constrains the external validity of the findings when extrapolated to underrepresented areas, notably low- and middle-income countries and African contexts, which the study explicitly acknowledges as necessitating additional empirical validation.

11. CONCLUSIONS

This scoping review investigated the organisational transition from permanent employment to a contractual or contingent workforce through the analytical perspectives of performance and cost metrics. The findings indicate that this transition is primarily motivated by the demand for organisational flexibility, cost efficiency, scalability, and access to specialised competencies within increasingly competitive and globalised markets. Contractual workforce arrangements facilitate organisations' capacity to respond swiftly to fluctuating operational demands, diminish long-term employment liabilities, and enhance agility within project-based environments. These benefits are particularly pronounced in sectors characterised by technological advancements, seasonal demand fluctuations, and dynamic operational requirements. Nevertheless, the review also highlights that transitioning to a contractual workforce entails considerable

managerial and operational challenges. Organisations frequently encounter difficulties in adjusting performance management systems to accommodate hybrid workforce structures, especially regarding the alignment of key performance indicators, ongoing performance monitoring, employee engagement, and organisational integration. Furthermore, although contingent labour is often employed as a cost-reduction measure, existing literature suggests that anticipated savings may be mitigated by hidden costs, including employee turnover, training, supervision, coordination complexities, productivity declines, and reduced organisational cohesion. Overreliance on temporary labour can also erode employee loyalty, diminish institutional knowledge, and compromise long-term organisational stability. In conclusion, contractual workforce arrangements are not inherently advantageous or disadvantageous; rather, their effectiveness is contingent upon organisational strategies for workforce integration, performance management, and cost control. A balanced hybrid employment model, combining both permanent and contingent staff, appears to constitute the most sustainable approach, enabling organisations to retain operational flexibility while preserving stability, continuity, and organisational culture. Ultimately, organisations must implement adaptable human resource strategies and dynamic performance frameworks capable of responding to the evolving landscape of modern employment relationships to ensure long-term organisational effectiveness and sustainability.

DECLARATION OF COMPETING INTEREST

The author declares that he has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

DECLARATION OF GENERATIVE AI AND AI-ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this work the author used <https://goblin.tools/Formalizer> to facilitate the rephrasing, translation, and enhancement of the manuscript's readability. After using this tool/service, the author reviewed and edited the content as needed and takes full responsibility for the content of the published article.

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