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*Double Employment
Relationship
in TAW*

introduction

In way to respond to the fluctuations in production and service requirements and also to attempt a labour costs reduction, organizations are replacing or supplementing their permanent core workforces with contract based temporary workers.

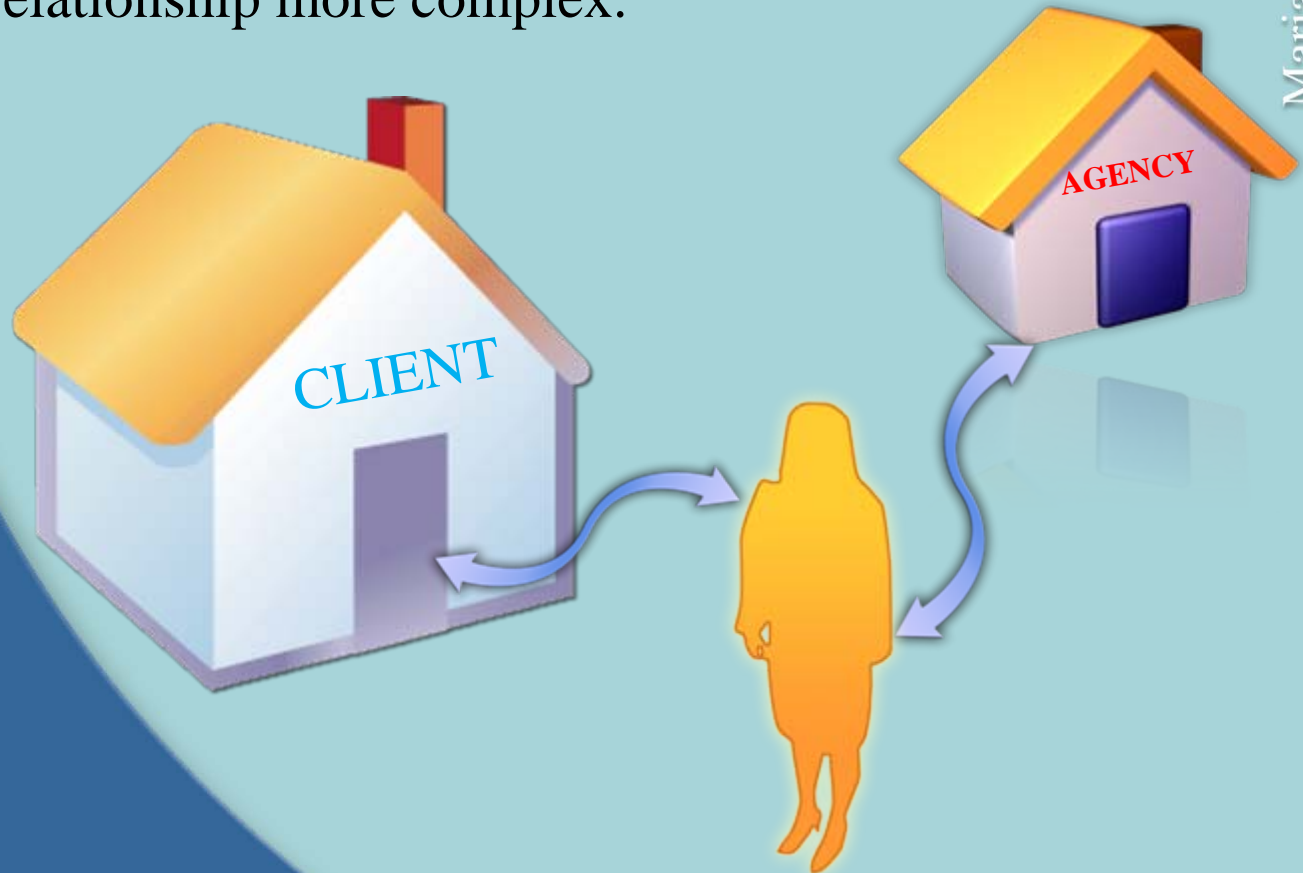


One important question is:

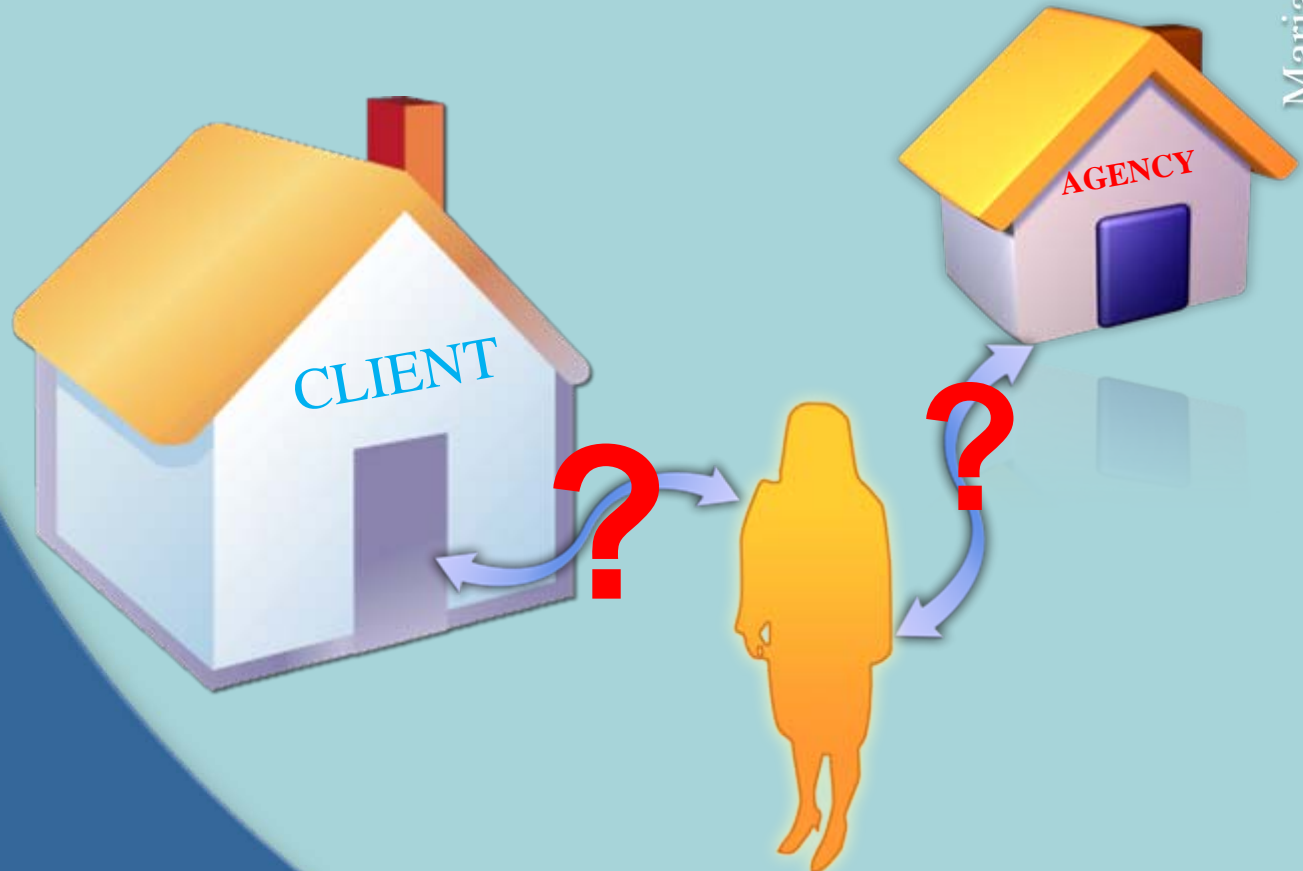
“what happens to employment relationship between the employee and their employing organization?”

particularly for Temporary Agency Workers (TAW)

Temporary Agency Workers (TAW) work for two organizations simultaneously, and this situation makes the understanding of the employment relationship more complex.



It is important to know if employees have one relationship with the agency and another relationship with the client.



Social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960) present key mechanisms to understanding the employment relationship.

The social exchange theory considers that individuals tend to form relationships with select individuals who provide valued resources, and the norm of reciprocity emphasize the tendency for individuals to reciprocate resources from another.

In the specific context of TAW is crucial to examine the application of the social exchange theory and the norm of reciprocity, to the agency and to the client.

The agency provides salary and select human resource services for these employees, and thus they build perceptions concerning what they receive in their exchange relationships with agency.

But they also build perceptions about the way they are treated by the client's organizations.

Psychological Contracts (PC) and Perceived Organizational Support (POS) was two frameworks adopted in operationalizing the employee-employer exchange (Coyle-Shapiro & Conway, 2005).



POS

captures employees' beliefs regarding the level of the organization's commitment to them

PC

captures perceived mutual obligations and the extent to which those obligations are fulfilled in the employee-employer exchange relationship.

POS	PC
focuses on the employer's side of the exchange as perceived by employees and	includes the contingent relationship between an employee's perception of the reciprocal obligations between that individual and the employer.

POS	PC
captures an individual's perception of organizational treatment	predicts that is not the organization's treatment per se but the discrepancy between what is promised and what is fulfilled that provides the basis on which employees reciprocate

Research on the two frameworks has largely remained independent, although Aselage and Eisenberger (2003) and Coyle-Shapiro & Conway (2005) have attempted to integrate POS and Psychological Contract, to provide a more comprehensive understanding of employee-employer relationship.



Our contribution to existing research is to explore the relationship between POS and Psychological Contract in TAW, which presupposes a double relationship,

one with agency

and another with client.

We used Structural Equation Model (SEM) for data analysis, which allowed us to evaluate the simultaneous effect of both relationships.

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hypothesis

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Hypothesis

Employers that fulfil promises to employees signal that they are committed to employees, value employee contributions, and intent to continue with relationship (Coyle-Shapiro & Conway, 2005).

Such signals are consistent with favourable treatment and should contribute to the development of POS (Roades & Eisenberger, 2002).

Thus, Coyle-Shapiro and Kessler (2000) found that employees' perceptions of organization having fulfilled its contractual obligations were associated with increased POS.

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Hypothesis

Hypothesis 1a

Psychological contract fulfilment by agency influences positively the perception of support by agency

Hypothesis 1b

Psychological contract fulfilment by client influences positively the perception of support by client

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Hypothesis

Research with TAW have been demonstrated that employees often express their gratitude for support received from an organization by increasing their level of commitment to the organization (Rhoades, Eisenberger & Armeli, 2001; Shore & Wayne, 1993).

Liden, Wayne, Kraimer and Sparrowe (2003) and Connelly, Gallagher & Gilley (2007) verify that contingents' affective commitment to their agencies was positively related to agency POS, just as affective commitment to the client organization was positively related to client POS.

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Coyle-Shapiro and Morrow (2006) observed that perceived client organizational support and attractiveness of the client relate positively to employee' affective commitment to the client.

Rhoades, Eisenberger & Arneli (2001) reported that POS mediated the relationship of major work experiences with affective commitment.

We considerer that psychological contract fulfilment is an important work experience, and we expected:

Hypothesis 2a

POS mediate the relationship between psychological contract fulfilment by agency and affective commitment to agency

Hypothesis 2b

POS mediate the relationship between psychological contract fulfilment by client and affective commitment to client

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methodology

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Procedure

During Spring 2008, we contacted four agencies that provide services to several client organizations. These client organizations develop their activities in the information technologies field.

We interviewed human resources managers from these agencies, in order to assess if the management of the contingent employees was shared by the agencies and the client organizations.

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During these interviews we were able to ascertain that those employees participated in the present research all

had management with partnership between the agency and the client,

shared some training actions,

having a joint performance assessment and management,

performing a crucial role in solving potential problems and establishing regular contacts with these contingent employees.

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Sample

A total of 88 contingent employees participated in this research.

All of the respondents worked in the client organization's premises.

Average age was 31 years and 56.8% of the respondents were male.

Concerning to education, 25% had finished the secondary school (12th grade), 75% had been a college degree.

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Average tenure in the agency was 1 year and 8 months (minimum, 3 months) and average tenure in the client was 2 years and 4 months (minimum, 3 months), meaning that many agency workers used to belong to another employer before they belonged to these agencies.

At first agency participated 30 employees (66,7% for population), at second 23 (76,7% for population), at third 21 (95,5% for population) and at forth 14 (40% for population).

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Measures

Fulfilment Agency's obligations and Fulfilment of Client's obligations was assessed using a Portuguese translation of the Rousseau's (2000) scale.

For fulfilment agency's obligations we used all the 32 items of the scale, 14 of them were balanced ($\alpha = .95$) 'promote the visibility of my work in the external market',

9 were relational ($\alpha = .91$) 'to be concerned with my long term well-being'

9 of them comprised transactional ($\alpha = .85$) 'offer me a stable salary'.

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For fulfilment client's obligations, several changes were made considering the contingent nature of the employment relationship.

There were mainly erased relational and transactional items as “*give me job security*” and “*offer me a stable salary*”, respectively.

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After these changes, this scale kept 21 items, 13 being Balanced (e.g. “to develop my skills, increasing my value in the organization”), 4 being Relational (e.g. “concern about my personal well-being”) and 4 being Transactional (e.g. “give me limited tasks with well defined responsibilities”).

The α coefficients for these three scales were the following: balanced ($\alpha = .92$), relational ($\alpha = .85$) and transactional ($\alpha = .79$).

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These questions asked respondents to consider their relationship with their current employing agency or with the client and to identify the extent to which these organizations had fulfilled the following obligations to them.

Items were scored on a five–point Likert scale, ranging from “*has been fulfilled much less than what it is promised*” (1) to “*has been fulfilled much more than what it is promised*” (5).

High scores on this scale indicate high levels of fulfilment transactional, balanced and relational

Perception of Organizational Support

from temporary agency and from the client's organization was assessed with 17-item scale adapted from Eisenberger, Huntington, Hutchison, and Sowa (1986).

We obtain $\alpha = .91$ for POS from agency and $\alpha = .91$ for POS from client.

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Affective Commitment

to the temporary agency and to the client's organization was assessed with five items adapted from the organizational commitment scale developed by Meyer & Allen (1997).

We obtain $\alpha = .95$ for Affective commitment from agency and $\alpha = .97$ for commitment from client.

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Results

We used SEM methods (implemented in AMOS: Arbuckle, 1997) to fit our research model to the data. We used Fulfilment Agency's Obligations and Fulfilment Client's Obligations as latent variables with three indicators (relational, balanced and transactional).

The other latent variables in our model were measured with a single indicator (the average total score in the corresponding scale).

Fit for the hypothesized model was good

$(\chi^2(31 \text{ df}) = 46.1, p = .000;$

$GFI = .92;$

$RMR = .08;$

$NFI = .90;$

$CFI = .97;$

$RMSEA = .07).$

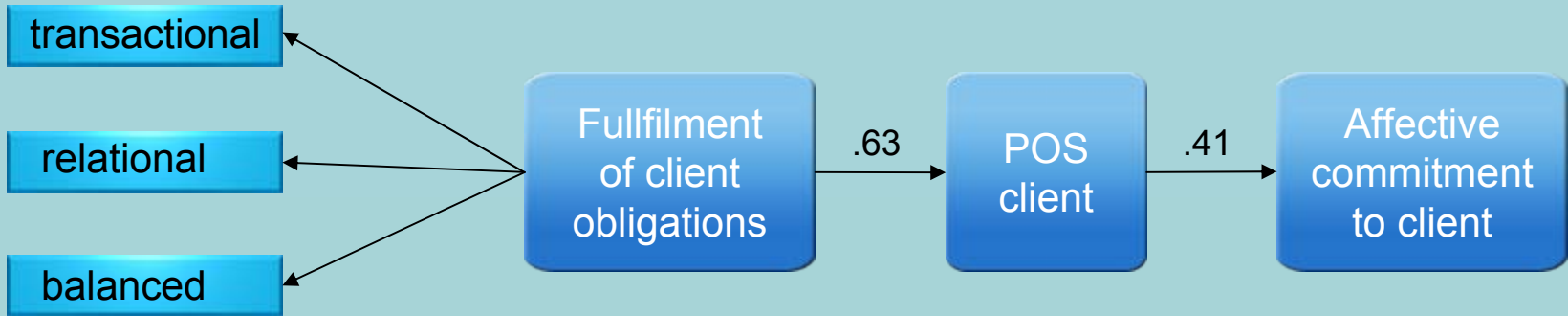
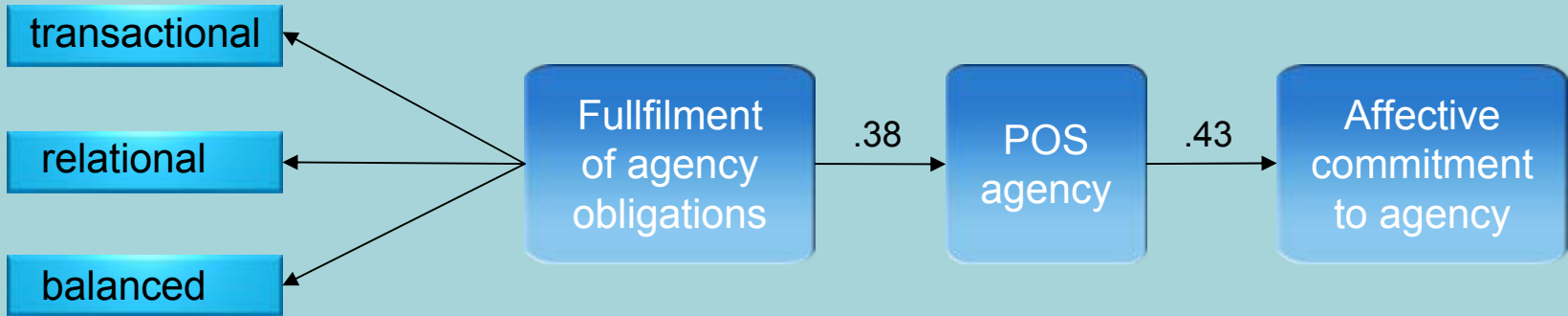
Supporting all hypotheses, the completely standardized path coefficients were all in the expected direction and statistically significant ($p < .001$).

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We also examined the statistical significance of the direct effects from the results of the hypothesized SEM.

Fulfilment Agency's Obligations had a significant direct relationship with agency commitment (.34, p.001)

and Fulfilment Client's Obligations had a significant direct relationship with Client Commitment (.35, p .001)

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but the model not had a good fit ($X^2(33df) = 107.35$, $p = .000$; $GFI = .85$; $RMR = .19$; $NFI = .75$; $CFI = .80$; $RMSEA = .16$) showed that mediated variables (POS) were important to explicated the relationship between Fulfilment Organizational Obligations and Affective Commitment.

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After we analysed two mediated model, one that analyse the mediation by Client Support and other the mediation by Agency Support.

Because these are nested models, we conducted a chi-square difference test. The alternative model for client ($X^2(30df) = 45.74, p=.000$) was not significantly different from the hypothesized model (A $X^2(1df) = 0.36, n.s.$) and the direct relationship between Fulfilment Client's Obligations and Client Commitment (.08, n.s.) was not significant, support the mediation by Client POS.

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The alternative model for agency ($X^2(30 \text{ df}) = 43.08$, $p=.000$) was not significantly different from the hypothesized model (A $X^2(1\text{df}) = 3.02$, n.s.)

and the direct relationship between Fulfilment Agency Obligations and Agency Commitment (.18, n.s.) was not significant, support the mediation by Agency POS.

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discussion

First our findings support that Temporary Agency Workers develop a double employment relationship, one with agency and other with client.

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Second, as permanent and traditional workers, the integration of Psychological Contract and Perception Organizational Support contribute of the comprehension of these relationships.

Specifically, Fulfilment Organization's Obligations is a stronger predictor of POS.

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This is in accordance with other studies, that consider that cognitive evaluations of the work environment (Psychological Contract fulfilment) as determinants of affective outcomes (POS) (Coyle-Shapiro & Conway, 2005), namely studies that have examined contract breach as an antecedent of affect (Conway & Briner, 2002; Robinson & Robinson, 2000).

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Third, our findings suggest that the reciprocity mechanism holds double in TAW:

—when these employees feel that the agency is supportive they are likely to reciprocate through enhancing their affective attachment to the agency;

—when they feel that the client is supportive they are likely to reciprocate through enhancing their affective attachment to the client.

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Discussion

Implications

As with permanent employees, treating contingent employees fairly with fulfilment promises and provide them with support may result in greater commitment.

This treatment is important for agency and for client, suggesting a responsible relationship with partnership in the management of the TWAs.



 
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