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Second-class Citizen? Contract Workers' Perceived Status, Dual Commitment, and Intent to Quit

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Abstract

Outsourcing of jobs to contract workers who work alongside a client's employees has changed the human resource landscape of many organizations. In this study we examine how a contract worker's perceived employment status similarity to the client's own standard employees influences his/her affective commitment to both the client and the employer and ultimately intent to quit the employer. Using a sample of 623 contract workers, we found strong support for our hypotheses. In particular, findings indicate an important role for perceived employment status at the client organization in driving contract worker's attitudes and that contract workers consider both the client and the employer when making decisions to leave the employer. Implications for managing contractor relationships are discussed.

Keywords: Contract workers; organizational commitment; status; intent to quit

Second-class Citizen? Contract Workers' Perceived Status, Dual Commitment, and Intent to Quit

Changes in the competitive landscape and market volatility over the last few decades have brought pressure on firms to restructure their workforce in order to improve competitiveness, flexibility, and conserve costs. One way in which organizations have responded to increased competitive pressure is by utilizing contractor employees (Ashford, George, & Blatt, 2008; Kalleberg, 2000; Kalleberg, Reskin, & Hudson, 2000). Contractor employees are workers who are employed by one organization and work on site at another organization (Houseman, 2001). There are approximately 10 million contract workers in the United States, accounting for approximately 8% of the workforce (Bureau of Labor Statistics, 2005; Davidson, 2009). The use of contract employment fundamentally changes the employee-employer relationship that is typical of standard employees to an employee-employer-client relationship. These “triangular” relationships (McKeown, 2003) are different from and more complex than standard dyadic employment relationships because employees are in a sense working with two distinct organizations. Yet, as noted by Ashford et al. (2008), “much of the literature still implicitly assumes that standard ways of engaging with the organization are normal” and that workers in nontraditional employment arrangements simply “look like standard workers” (p. 67).

To fill this gap in the literature, we examine triangular relationships in which contract workers work full-time alongside standard employees at the client's site on long-term contracts (over one year in length). By focusing specifically on contract workers we answer calls to both investigate an employment context which has been relatively under-researched (Ashford et al., 2008) and to better understand the effects of context on employee job attitudes and behaviors (Cappelli & Sherer, 1991; Johns, 2001). Such long-term contracting arrangements provide for a unique (and complex) employment relationship as an individual is formally employed by one entity (the contracting firm) but engaging in work activities and experiences at another (the client firm), with this latter entity also employing its own “standard” workers. Whereas standard working arrangements entail working at the employer's business facility with the general

expectation of continued employment and the corresponding affiliation, nonstandard working arrangements including contract work (Kalleberg et al., 2000) represent an association with the worksite as an “outsider” (George, & Chattopadhyay, 2005). Yet with long-term contracting relationships, this differential among workers may hold particularly important implications for an individual’s work-related attitudes and behaviors.

Research shows that an important aspect of the triangular employment relationship is the potential for dual commitment, whereby the contract worker develops emotional attachment to and identification with both the employing organization and the client organization (Benson, 1998; Coyle-Shapiro & Morrow, 2006; Coyle-Shapiro et al., 2006; George & Chattopadhyay, 2005; Liden, Wayne, Kraimer, & Sparrowe, 2003). These studies found that affective commitment to the employer and to the client were distinct constructs, though positively correlated. Research also indicates that contract workers report significantly higher affective commitment to client organizations than to the employer (cf. Benson, 1998). Taken together, previous work suggests that although commitment to the client and the employing organization are related, contract workers can distinguish and are influenced by the level of attachment they feel towards each of these organizations. However, because the dual commitment literature is in its infancy, little is known about how the dual commitments operate simultaneously to influence important work outcomes such as employee retention and how feelings that a contract worker has toward one organization can spill-over to the other organization.

In this study we are interested in understanding factors that may determine contract workers’ dual commitment, and in particular, how an individual’s perceived employment status similarity to the client’s standard employees might play a role in predicting reactions toward both the client and the employer. The limited research conducted on contract workers reveals that the treatment received from the client organization has an important impact on the nature of the relationships that they develop at work and attachment to the job (Barley & Kunda, 2004; Coyle-Shapiro, Morrow, & Kessler, 2006; Feldman & Bolino, 2000; Hudson, 2001; Smith, 1997).

George and Chattopadhyay (2005), for example, found that characteristics of and social relations within the organization influence contract workers' identification. Based on the status characteristics theory (Berger, Cohen, & Zelditch, 1972), we argue that the employment arrangement can serve as a status distinction similar to other social identity group markers (e.g., race, gender). We construe employment arrangement as a status characteristic because of the greater value and worthiness that may be associated with standard employees compared to contract workers. Such status differentials should be particularly critical in long-term contracting relationship such as the context of the present study. The extent to which contract workers perceive themselves to have lower status in relation to the other employees can have an effect on their work-related attitudes and behaviors which are critical to business operations. In examining this issue, we extend the line of work that has demonstrated a 'spill-over' (cf. Liden et al., 2003) between the two organizations by showing that status perceptions formed in one organization can influence attitudes towards both organizations and intentions to end the employment arrangement. Thus, the primary purpose of this paper is to underscore the role perceived status plays in contract employment. Additionally, we extend the literature on multiple foci of commitment by showing that contractors' emotional attachment to both the client and the employer and ultimately retention decisions are dependent on the perceptions of their own status contract workers form in the client organization.

The present paper will add to our understanding of these triangular employment relationships in three important ways. First, we rely on status characteristics, social categorization, and social exchange theories to explain the connection between contract workers' perceived employment status similarity to the client's standard employees and subsequent job attitudes. This answers calls to apply established theories to new contexts, including contract employment (Ashford et al., 2008). By doing so, we acknowledge that contractors not only consider how they are treated by the client organization (e.g., Connelly, Gallagher, & Gilley; 2007; Coyle-Shapiro et al., 2006; Liden et al., 2003), but they also consider how they are treated

in comparison to the standard employees with whom they are working on a daily basis, and that such comparisons can influence important work outcomes.

Second, we examine the potential spill-over effect that can occur in the contract worker's relationship with two organizations. Specifically, we demonstrate that the experiences that an employee has with one entity can influence that employee's reactions toward another entity. In this regard, how an employee feels he or she is treated at the client worksite not only has implications for the attitudes the employee has for that client organization, but also plays a role in the attitudes the employee has for the employing organization.

Finally, and also relevant to the spill-over effect, we examine how perceived employment status similarity and dual commitment (affective commitment to the client and to the employer) influence contract workers' intent to quit the employing organization. Affective commitment and turnover intent are important variables to consider because they reflect attachment to the organization and are proximal indicators of actual turnover (Griffeth, Hom, & Gaertner, 2000). While studies have examined the quality of contract workers' treatment (e.g., Barley & Kunda, 2004; Feldman & Bolino, 2000; Hudson, 2001; Smith, 1997) and the possibility of dual commitment (e.g., Benson, 1998; Coyle-Shapiro & Morrow, 2006), we integrate these issues by examining how a contract worker's perceived employment status similarity to the client's standard employees links to dual affective commitment and intent to quit the employer.

Theoretical Background and Hypotheses

Contract Worker's Perceived Employment Status Similarity and Dual Affective Commitment

There are three key players to consider when examining contract employment: the contract worker, the contracting firm which employs the contract worker, and the client organization which hires the contracting firm. The contract worker provides services to the client organization, and the contracting firm (employer) oversees administrative issues related to the contract worker. In such relationships, a common issue is the status of contract workers relative to the client organization's standard employees. We define perceived employment status

similarity as the extent to which contract workers believe that they are valued in comparison to standard employees in the client organization. Contract workers who believe that they have employment status similarity would perceive that they are at least as valuable to the client as standard workers. This can be distinguished from perceived organizational support which more generally reflects the extent to which individuals perceive an organization values their contributions and cares about their well-being (Rhoades, Eisenberger, & Armeli, 2001). Status reflects a hierarchy of importance or standing regarding employees within the work environment.

We argue that employment arrangement is a status characteristic whereby one type of arrangement may be given higher status than the other. We turn to the status characteristics and social categorization theories to shed light on why status differentials may be linked to contractor and standard workers. According to the status characteristics theory (Anderson et al. 1972; Berger et al., 1972), organizations are made up of different status classes that can be characterized by different properties, three of which are especially relevant to this particular context. First, stereotypes are associated with people represented in each class such that those within a class system are assumed to have commonalities in their behavior, ability, and character. Second, the stereotypes associated with each class system extend beyond beliefs that are directly related to performing a given task. Third, distinctive signs or indicators are used to identify the different classes which can inadvertently establish status distinctions. Importantly, status is dynamically constructed in organizations (Ridgway, 1991) as “differentiated status beliefs come to be attached to the states of an initially nonvalued characteristic through a process involving the possession of differential resources” (Berger & Fisek, 2006, p. 1041). Because contractor workers may receive different resources than standard employees (e.g., compensation and benefits), the opportunity for the construction of status beliefs based on the employment arrangement, where a contract worker perceives he or she has lower status than permanent employees, is highly plausible. In addition, Bidwell and Briscoe (2009) found evidence that people who have questionable work histories are more likely to become contract workers thereby

avoiding the scrutiny that standard employees undergo. This suggests that assumptions that contract workers are not typical ‘good’ workers may emerge which may contribute to more status distinctions between themselves and standard workers.

Indeed, research suggests that contractor employees may feel like lesser employees (i.e., “second class citizens”) relative to standard employees of the client (Hudson, 2001; Smith, 1997). For example, contractors may be used as a means of buffering standard employees from market fluctuations if the former can more easily be disposed of during economic downturns or when a project is complete (Smith, 1997), fostering feelings of low job security and expendability among contract workers. Also, contract employees may receive lower pay, exclusion from health plans and retirement benefits (Hudson, 2001), and are often not privy to other perks extended to standard employees such as inclusion in company social functions (Smith, 1997). This differential treatment may suggest to a contract worker that he or she is not as valued by the client organization as its standard employees. Because of their temporary status, contract workers are not “full-fledged members of the client organization” (George & Chattopadhyay, 2005, p. 75) and they may feel like outsiders. Given that employment arrangement may be a status characteristic in the context of contract employment, we argue that a contractor’s perception of employment status similarity to standard employees at the client organization has implications for both the client and the contracting firm. Specifically, we posit that perceptions of employment status similarity influence the extent to which a contract worker has affective commitment to both the client and employing organizations.

Another theoretical explanation for why perceived status is an important consideration for contract workers can be found in social categorization theory (Tajfel & Turner, 1986). This theory states that people put themselves and others into categories in order to simplify the world around them. People who are similar to the self are considered to be in the in-group and those who are different are in the out-group. A positive bias and high status is reserved for individuals in the in-group while a negative bias and low status is assigned to those in the out-group. People

categorize themselves and others by using salient characteristics (e.g., gender; Tajfel & Turner, 1986). In the case of contract workers and standard employees, employment arrangements are likely salient and may serve as a basis for categorization (Broschak & Davis-Blake, 2006). Contract workers may be recognizable because of visible markers such as different task assignments and application of policies that reinforce differences from standard employees (Broschak & Davis-Black, 2006). These differences may relegate contract workers to the out-group which may subsequently be ascribed a lower status. This perception of lower status could interfere with contract workers forming relationships with standard employees and developing an emotional attachment to the client organization (George & Chattopadhyay, 2005; Meyer, Becker, & Van Dick, 2006). In short, based on status characteristics and social categorization theories, we propose that perceptions of status can shape the attitudes and behaviors of contract workers.

Individuals are likely to respond negatively when they perceive that their status is lower than that of their colleagues. For example, feelings of being held in a lower regard than other individuals within the organization is likely to create the desire to distance oneself or become detached from the situation. This rationale is consistent with social exchange theory (Blau, 1964; Homans, 1958), which maintains that individuals exchange their contributions for certain inducements provided by an organization. Gouldner (1960) referred to this social exchange process as a norm of reciprocity, suggesting that individuals will respond positively to favorable treatment and be likely to reciprocate help or support that has been extended to them. Conversely, feelings of inferior treatment may trigger negative exchanges as it emphasizes the norm of negative reciprocity (Fehr & Gächter, 2000; Helm, Bonoma, & Tedeschi, 1972; Sahlins, 1965) and individuals may respond by withholding positive exchanges such as commitment. In other words, exchanges of negative acts are also a form of social exchange. This would suggest that a contract worker is unlikely to reciprocate attachment to an organization where he or she is made to feel devalued or disregarded, like a second-class citizen. We thus propose that perceiving one has low status at the client organization is likely to erode feelings of commitment.

Affective commitment refers to “an employee’s emotional attachment to, identification with, and involvement with the organization” (Meyer & Allen, 1991, p. 67). Affective commitment is conceptualized as an outcome of the work-related experiences that an employee has on the job (Mowday, Porter, & Steers, 1982). A contract worker’s perception of being less valued than standard employees at the company represents a negative experience which could be associated with lower affective commitment (Herrbach, 2006). In effect, feeling that one is held in low regard should evoke feelings of negative exchange and negative reciprocity toward the other entity in the relationship (Fehr & Gächter, 2000; Helm et al., 1972; Sahlins, 1965).

Yet, the triangular employment relationship experienced by a contract worker suggests that affective commitment may be more complex than in the typical dyadic employment relationship (McKeown, 2003). Pfeffer and Baron (1988) explained that attachment between employees and organizations can be based on 1) physical proximity and contact, 2) the amount of administrative control the employer has over the employee, and 3) the expected duration of the employment relationship. In our context where the contract employees work full-time on long-term contracts for the client, there is clearly a potential for attachment (or lack of attachment) with the client because of the physical proximity and the long-term duration of the relationship. That is, though not formally the individual’s employer, the client organization serves as a likely target for the contract worker’s work identification and attachment because of the amount of time the employee spends at the client organization. In support of this, work by Liden et al. (2003) showed that contingent workers’ perceptions of procedural justice and perceived organizational support (POS) with respect to the client organization positively predicted proactive work behaviors. Focused specifically on contract workers, Coyle-Shapiro et al. (2006) revealed that feeling supported by the client predicted felt obligation as well as commitment to the client. Similarly, an individual is unlikely to reciprocate commitment to an organization where the individual feels like a “second class citizen.” Thus, contract worker perceived employment status similarity to the client organization’s standard employees should

positively associate with affective commitment to the client organization.

We also expect perceptions of employment status similarity at the client organization to spill-over to influence a contract worker's affective commitment to *the employer* (i.e., contracting firm). Prior work on dual commitments has typically focused on an individual's perceptions of treatment (e.g., POS) by the contracting firm (or temporary agency, Liden et al., 2003) rather than experiences at the workplace as driving commitment to the employing organization. Yet both the employer and the client will share a certain amount of oversight over and responsibility for the contractor employees' experiences, thus suggesting the experiences in the latter organization have implications for reactions to the former organization. For example, contract workers are assigned to work at that client by their employing company, which maintains some administrative control. Although the employer may or may not be directly responsible for the treatment that the individual receives while working at the client site, the contract was established and is administered by the employing organization. This suggests that contract workers are likely to hold their employing organization accountable for negative (or positive) workplace experiences at the client organization. Perceptions of the work environment and reactions to work experiences on the part of the contract worker at the client organization are thus likely to spill-over to the employer. This idea is consistent with the tenets of Heider's (1946, 1958) balance theory which argued that in triadic relationships, individuals seek to maintain consistency in their sentiments toward those in the relationship. Thus, balance is achieved when negative (or positive) sentiment toward one entity in the triadic relationship (e.g., client organization) is met with a similar sentiment toward the other involved entity (e.g., employer).

Taken together, the above leads to the following hypotheses:

Hypothesis 1a: Contract workers' perceived employment status similarity to standard employees at the client will be positively related to affective commitment to the client organization.

Hypothesis 1b: Contract workers' perceived employment status similarity to standard

employees at the client will be positively related to affective commitment to the contractor organization.

Contract Workers' Perceived Employment Status Similarity and Intent to Quit the Employer

Individuals are unlikely to want to remain in a situation where they feel they have low status compared to others. Thus, we also examine the link between a contract worker's perceptions of employment status similarity to the client's standard employees and intent to quit one's job. Our reasoning is consistent with Boyce, Ryan, Imus, and Morgeson's (2007) model of nonstandard employee stigmatization. In particular, stigmatization, real or perceived, and the accompanying feelings of being devalued on account of being in the out-group should foster feelings of negative exchange and thus a greater desire to leave. Conversely, the anticipated gain and socioemotional benefit associated with feelings of being valued within the organization should associate with lower intent to quit (Thibaut & Kelly, 1959).

Interestingly, in the triangular employment context of contract work, the workplace is not the same as the employing organization. Yet contract workers are employed "to perform tasks or duties as specifically contracted by the organization" (Houseman, 2001, p. 151). Given that one's job is thus tied to the project needs of the client organization, we would expect negative experiences in the work environment to associate with the desire to quit the job. This is not meant to suggest that contract workers could not seek other means of leaving a client, such as through reassignment to a new project/organization. Yet, as reassignment may be constrained through the terms of the contract and/or the contract worker may feel an expectation to fulfill the assignment, quitting the employing organization may be seen as the most viable option. Further, it is likely that contract workers look to their employer to provide them with experiences that are positive, fulfilling, and foster a positive self-image. Thus, the contract worker may ultimately hold the employer accountable for the types of experiences he or she had at the client organization, and the contract worker may attempt to find another employer when such experiences are negative.

In sum, we expect that the employment status similarity a contract worker perceives in the client organization will be an important predictor of intent to leave the employer.

Hypothesis 2: Contract worker perceived employment status similarity to the standard employees at the client will be negatively related to intent to quit the employer.

Finally, we propose that the relationship between contract workers' perceived employment status similarity and intent to quit will be mediated by the dual commitments. Meta-analyses of job attitudes have demonstrated a consistent link between affective commitment and turnover intent (Mathieu & Zajac, 1990; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Thus, affective commitment *to the employer* is expected to at least partially mediate the relationship between perceived contractor status and intent to quit as employee attitudes are typically the mechanism through which experiences on the job lead to employee turnover. Also, as previously discussed, working at the client organization is secured through the employment relationship with the contracting company, suggesting that the employer will bear responsibility for the employee's experiences working at the client's organization. In effect, if a contract worker perceives he or she is held in a lower regard at the client company relative to the client's standard employees, attachment to the employer should be reduced (as argued above) which would ultimately facilitate turnover intent.

We also expect affective commitment *to the client* to help mediate the perceived contractor status-intent to quit relationship because the individual's experience on the job is composed of experiences at the client organization. Particularly in a long-term contract where the contractors are working full-time towards the client's goals alongside the client's employees, perceptions of low status relative to the client's standard employees are likely to transmit through one's level of attachment to that client and influence the desire to remove oneself from the situation. Though the contract employee would be quitting the actual employer (i.e., contracting organization), the employee's experiences on-the-job are coming from the client thus suggesting an important role for one's commitment to that organization in facilitating turnover intent.

Taken together, the above arguments suggest that the relationship between perceived employment status similarity and intent to quit will be mediated by the dual commitments.

Hypothesis 3a: The relationship between contract workers' perceived employment status similarity to the standard employees at the client organization and intent to quit the employer will be partially mediated by affective commitment to the client organization.

Hypothesis 3b: The relationship between contract workers' perceived employment status similarity to the standard employees at the client organization and intent to quit the employer will be partially mediated by affective commitment to the employer.

Method

Sample

Contract workers were recruited for participation in this study from four different firms contracting with a large U.S. government organization. A total of 2,822 employees were invited to participate in the study. The contract work is project-based with typical jobs held by these contract workers to include engineering, production, analyst, and project management. To reduce common method bias concerns, study participants were administered two surveys, approximately two months apart. Perceived status and affective commitment were measured with the first survey, and intent to quit was measured with the second survey. A total of 1,231 individuals completed the first survey for an initial response rate of 44%. Of these, 623 also completed the second survey (overall response rate of 22%). The respondents were primarily male (64%) and married (56%). Most respondents were Caucasian (68%), followed by African-American (11%), Asian-American (2%), and Hispanic-American (2%). The majority of respondents reported at least some college education, with 24% reporting some college education, 37% reporting a college degree, and 14% reporting a graduate degree.

Because of the attrition between the two surveys, we ran an ANOVA (with the grouping variable representing whether respondents answered the first survey only or both surveys) to determine whether the final sample differed from initial survey respondents. Results showed that

there were no significant differences between respondents who answered both surveys and those who only responded to the first survey on the variables of focus in this study (i.e., contract workers' perceived status, affective commitment to the employer or client) or demographic variables (e.g., age, gender, education level, marital status, tenure).

Measures

Perceived employment status similarity. We used a two-item measure to assess contract workers' perceived employment status similarity to the client's standard employees. Because the ascription of lower status involves being devalued compared to the higher status group (Aronowitz, 2003; Benokraitis & Feagin, 1995; Feagin & Sikes, 1994; Grusky, 2001; Weber, 1947), we asked contract workers how valued they felt relative to the client's employees. The items were "(Client's name) employees are more valued around here than (contractor's name) employees" and "(Contractor's name) employees are not valued at this facility as much as (client's name) employees" (1 = *Strongly Disagree* to 7 = *Strongly Agree*; $\alpha = .92$). These items were reverse scored so higher scores reflect perceptions of higher status.

*Affective commitment to the client.*¹ Affective commitment to the client was assessed using Meyer, Allen, and Smith's (1993) six-item affective organizational commitment measure. Participants were instructed to focus on the client organization, and each question contained the client's name. A sample item is "I would be very happy to spend the rest of my career with (the client)" (1 = *Strongly Disagree* to 7 = *Strongly Agree*; $\alpha = .86$).

Affective commitment to the employer. Affective commitment to the employer was assessed using Meyer et al.'s (1993) six-item measure. Participants were instructed to focus on the employer, and each question contained the employer's (i.e., contractor firm) name. A sample item is "I would be very happy to spend the rest of my career with (Contractor's name)" (1 = *Strongly Disagree* to 7 = *Strongly Agree*; $\alpha = .89$).

We ran a confirmatory factor analysis in LISREL 8.80 (Joreskog & Sorbom, 2007) to confirm the factor structure and discriminant validity of the commitment measures. Using the

benchmark provided by Kline (2005), the two-factor model was a significantly better fit to the data ($\chi^2 = 1002.74$, $df = 53$, $CFI = .94$, $IFI = .94$, $SRMR = .06$) than a one-factor model in which affective commitment to the client and to the employer were loaded together on one factor ($\chi^2 = 2219.62$, $df = 54$, $CFI = .85$, $IFI = .86$, $SRMR = .11$). Thus, affective commitment to the two organizations are distinct.

Intent to quit the employer. To reduce the problem of common method variance (Podsakoff et al., 2003; Podsakoff & Organ, 1986) and to establish temporal priority between our variables (Hume, 1978), we collected intent to quit on the second survey (i.e., two months after the first survey) using Cammann, Fischman, Jenkins, and Klesh's (1979) two-item measure. The items are "I often think about quitting my job" and "I will probably look for a new job in the next year" (1 = *Strongly Disagree* to 7 = *Strongly Agree*; $\alpha = .81$). Consistent with our conceptual focus on intent to quit the employer, participants were instructed on the survey to focus specifically on the employer (Contractor's name inserted) in responding to these two items.

Control variables. We controlled for participants' gender, age, tenure, and perceived job opportunities because of their potential link to one's attitudes toward the employment relationship as well as retention-related variables (Griffeth et al., 2000). Gender was coded as 0 = female and 1 = male. Age was assessed on a range of years (i.e., 24 and under, 25-34, 35-44, 45-54, 55-64, 65 and over). Tenure was measured as the number of years the employee had worked for their employer (i.e., the contracting firm). Perceived job opportunities were measured using a two-item scale from Boswell, Boudreau, and Dunford (2004; e.g., "How difficult do you think it would be for you to obtain new employment?" (1 = *Extremely Difficult* to 7 = *Extremely Easy*; $\alpha = .80$). These control variables were reported on the first survey. Finally, because four contractor firms participated in our study, we created three dummy variables to control for contracting firm (firm 1 $N = 58$, firm 2 $N = 69$, firm 3 $N = 35$; firm 4 $N = 461$).

Results

Table 1 reports the means, standard deviations, and inter-correlations for all variables.

The study hypotheses were tested with structural equation modeling using LISREL 8.80 (Joreskog & Sorbom, 2007). Consistent with prior recommendations where correlated error terms are theoretically justified (cf. Byrne, 1998; Joreskog, 1993), we freely estimated the error term between the dual commitment variables.

The model indicated good fit to the data as indicated by the fit indices ($\chi^2 = 80.97$, $df = 15$, $GFI = .98$, $AGFI = .90$, $RMSEA = .08$, $CFI = .94$, $NFI = .93$, $SRMR = .04$). Following Kelloway's (1999) suggestion, we also tested and compared a partial mediation model (adding a direct path from perceived contractor status to intent to quit). The partial mediation model produced good fit ($\chi^2 = 73.96$, $df = 14$, $GFI = .98$, $AGFI = .90$, $RMSEA = .08$, $CFI = .95$, $NFI = .94$, $SRMR = .04$), and although the fit indices across the two models were similar, a chi-square difference test indicated that the model was significantly improved ($p < .05$) by the addition of the direct path from perceived contractor status to intent to quit. Thus, the partial mediation model was preferred. Figure 1 shows the results of the SEM analysis with standardized path coefficients while controlling for gender, age, tenure, perceived job opportunities, and the different contractor firms (for simplicity, control variables were not included in the figure). As a robustness check, we also ran the analyses presented above using hierarchical regression and the results (available upon request) were consistent. We present the structural equation model to better illustrate the model with the effects through each of the dual commitment mediators.

Hypotheses 1a and 1b stated that a contract worker's perceived employment status similarity to the client's standard employees would be positively related to affective commitment to the client and to the employer. The path coefficient to affective commitment to the client was .30 ($p < .05$), supporting Hypothesis 1a. The path coefficient to affective commitment to the employer was .41 ($p < .05$), supporting Hypothesis 1b.²

Hypothesis 2 stated that a contract worker's perceived employment status similarity to the client's standard employees would be negatively related to intent to quit the employer. Results showed that the total effect between contract worker's perceived status and intent to quit

was $-.33$ ($p < .05$). Therefore, Hypothesis 2 was supported.

Hypotheses 3a and 3b predicted that affective commitment to the client and affective commitment to the employer would each partially mediate the relationship between a contract worker's perceived employment status similarity and intent to quit. The effect of affective commitment to the client on intent to quit was $-.26$ ($p < .05$) and the effect of affective commitment to the employer on intent to quit was $-.33$ ($p < .05$). Perceived status similarity had a negative direct effect on intent to quit ($-.11$, $p < .05$) beyond that accounted for by the dual commitments. Of the $-.22$ indirect effect between contract worker's perceived employment status similarity and intent to quit, $-.08$ ($.30 \times -.26$) was transmitted through affective commitment to the client while $-.14$ ($.41 \times -.33$) was transmitted through affective commitment to the employer. Therefore, the relationship between contract workers' perceived employment status similarity and intent to quit was partially mediated by both types of affective commitment in support of Hypotheses 3a and 3b. Hierarchical regression also supported the finding of partial mediation.

Discussion

The traditional standard employment arrangement in which individuals work directly for an employer is increasingly giving way to more complex triangular work arrangements (cf. Ashford et al., 2008; Kalleberg, 2000). In an effort to better understand employee attitudes within complex employment relationships, we examined how a contract worker's perceived status relative to the client's own standard employees influenced their affective commitment to both the client and the employer and subsequent intent to quit the employer. Our findings suggest that perceived status at the client organization plays an important role in driving contract workers' attitudes and that contract workers consider both the client and the employer when making decisions to leave the employer.

Theoretical Contributions

Our empirical findings offer a number of theoretical contributions to the literature on contract workers. One theoretical contribution of this research is the application of status

characteristics, social categorization, and social exchange theories to examine perceived status as a key element of the contract employment setting. Our work answers calls for researchers to assess how major theories of human behavior, such as these, could be applied within the new, complex, and ubiquitous nonstandard work arrangements (Ashford et al., 2008). Our findings are consistent with the status characteristics and social categorization theories as they indicate that in the triangular employment setting, employment arrangements can serve as a status distinction whereby contract workers compare themselves to standard employees and perceive varying levels of status relative to those employees. By investigating contractors' perceived status and dual commitment within the complex triangular employment relationship, we also demonstrate that social exchange theory can be applied to both the employee's relationship with the employer as well as the client organization. The finding that contract workers' perception of status at the client significantly related to dual commitments shows that, for better or worse, contract workers' on-the-job experiences at the client organization help shape their attitudes toward both the client and the employer.

Another contribution is that we extend well-established findings on turnover intent to the contractor setting by introducing perceived status as an important determinant of intent to quit. Extant research on employee turnover and turnover intent is largely based on studies of standard employment relationships. Our study shows that given the nature of triangular relationships, more complex factors than those previously identified in the literature may foster thoughts of leaving. In particular, the finding that contract workers' perceived employment status similarity predicts turnover intent with the employer and that there is an effect over and above affective commitment suggests that models of employee attitudes and turnover should recognize the potential critical influence of how individuals feel about their value relative to other employees. Our findings indicate that in the context of contract workers, intentions to quit an employer may also be contingent on how these workers are treated by, and feel about, other entities (i.e., the client organization). In other words, the contractor's perceived status is an important predictor of

intent to quit the employing organization even after taking into account the contractor's level of affective commitment to both organizations.

Our findings also lend support to Boyce et al.'s (2007) theoretical framework of stigmatization of nonstandard workers. These authors argued that when nonstandard workers, such as contractor employees, are seen as lower status employees by the client, this can ultimately result in negative outcomes including reduced commitment and higher withdrawal. The evidence in our study provides an empirical test of Boyce et al.'s argument, offering support within a contract worker setting. Specifically, the findings support the important role of an individual's perceived status within the client organization in facilitating dual commitments and retention-related decisions.

Practical Implications

Our findings for the role of contract workers' affective commitment to both the client and to the employer offer important implications for managers. Much of the research on nonstandard working arrangements has focused on how the use of nonstandard workers may create a deteriorated work setting for standard employees due to low job security and less trust in the employer (e.g., Davis-Blake, Broschak, & George, 2003; Kraimer, Wayne, Liden, & Sparrowe, 2005; Pearce, 1993). Yet standard employees are not the only ones who may experience these employment situations negatively. Our findings suggest that organizations should pay attention to how contract workers are treated and perceived within the workplace, as affective attachment for these individuals is critical to their intentions to quit the job. Retention of these workers, though not formally employees of the client, may be critical for the preservation of specialized and unique knowledge and skill sets and ultimately on-time project completion.

Our findings also have important practical implications for contracting firms in terms of managing social categorization and the perceived status of the contract employees. Our work demonstrates the intricacy of the relationships between the contractor and the different organizations. The results suggest that contract workers who do not feel valued at the client

organization in relation to the standard employees intend to end their working relationship with the employing organization. Retention of their workers is certainly critical as the viability and success of the contracting firm's business rests on the fulfillment of obligations between contract workers and their respective client organizations. In this regard, contracting firms may need to play more of a role in making sure that their contract workers have a satisfying experience at the client organizations. Contracting firms may wish to monitor the treatment (and perceptions) of their employees by the client and engage in preventative measures with the client firm (e.g., promoting social interactions among contract workers and standard employees). The contracting organization can also help its employees to feel more connected to and valued in their work by following human resource practices that emphasize performance feedback, recognition, skill enhancement opportunities, and dispute resolution, which are unlikely to be offered by the client organization out of fear of co-employment (Zeidner, 2010). Also, employment practices which allow employees to rotate out of undesirable assignments frequently enough can help them enjoy more positive work experiences. Thus, it is important that contracting firms acknowledge that contract workers' perceptions of status at the client organization could have important implications for the growth and success of the contracting firm.

Limitations and Future Research

Our study focused on a particular context where the contractors worked full-time for the client on long-term contracts alongside standard employees. Focusing on this context aligned with our conceptual arguments surrounding the important role of perceived relative status and the development of dual commitments and turnover-related decisions. Yet, future research may explore other contexts including where the contract work is shorter in duration and/or where the worksite only houses contract workers. In addition, future research could examine how contract workers' reactions to the workplace might vary in more complex environments. Do perceptions and attitudes differ when the individual is assigned to work for multiple clients as opposed to one long-term client where they arguably have more opportunities to experience the effects of status

differentials? Also, our context involved firms all within the United States and certainly outsourcing may involve international settings. Future research could examine whether internationalization of outsourcing has effects different from those observed in the present study.

Our study focused on the perceptions and attitudes of contract workers, and although prior work has examined how the use of contingent labor influences the attitudes of standard employees, a more complete model would be to examine the role of status and dual commitment in relation to both types of workers as they work alongside one another. There are several interesting questions including how the views of the two groups align/diverge and the general social dynamics between the groups in regards to the perceived level of status similarity.

Related to the generalizability of our research setting is the possibility that the contract workers have a particularly strong connection with the client organization due to the long-term nature of the relationship. Consistent with this, the mean affective commitment to the client in our sample was higher than the mean affective commitment to the employer ($M = 5.01$ vs. 4.46 , respectively; $t = 13.68$, $p < .01$). We might expect greater variance in contract worker attitudes and/or dual commitment to play a somewhat different role in settings where the contract worker-client relationship is shorter term. This again supports the value of replicating our findings within other contexts and other nonstandard employment relationships (e.g., temporary employees).

The results of this study showed that the dual commitments partially mediated the effect of perceived status relative to standard employees on intent to quit. This finding reinforces that the experience an individual has with one entity plays an important role in influencing his or her reactions toward another entity. Perceived relative status appears to be a particularly important construct in influencing attitudes and intentions within the triangular employment relationship, at least in the context studied here. Yet continued research is needed to fully understand the psychological mechanisms through which perceived status links to subsequent employment decisions. Not feeling as valued may, for example, link to diminished social identity, negative exchange perceptions, and/or other deleterious affective reactions (e.g., overall job

dissatisfaction) in driving a contract worker's turnover decision. Similarly, research is needed to understand the workplace practices and contract worker experiences that drive perceptions of employment status. For example, is it the absolute or relative level of support or investment by the client organization that fosters more favorable perceptions from contract workers?³

Finally, we assessed our variables in two research waves in order to reduce the effects of common method bias. However, because the participants responded to the perceived status and affective commitment measures at the same time, we cannot rule out such concerns. The direct effect for perceived status on intent to quit beyond that accounted for by dual commitments reduces the concern that common method bias explains our results. Nonetheless, future research could build on our findings by separating all variables over time and/or relying on multi-source data including perceptions and reactions of the standard workers to further eliminate common method bias and to strengthen causal arguments.

Outsourcing of work and the increased use of contract labor have brought about great changes in the nature of employment relationships. As the use of contract workers becomes more common (Kalleberg et al., 2000), the nature of these triangular work arrangements brings about the need to examine how our understanding of the relationship between employee experiences and job attitudes does or does not apply to the new work contexts. Our study demonstrated that while existing research on employee attitudes is applicable within the context of contract workers, there is added complexity in the triangular employment relationship. Using status characteristics, social categorization, and social exchange theories as our framework, we found empirical evidence that perceived status of the contract workers is important to attitudes and reactions toward both the client and the employer. Triangular employment settings could be much more complex than traditionally conceived employer-employee relationship. Given the findings in our study and the growing importance of contract labor in the workforce, we can conclude that it would be fruitful to further investigate this under-studied area of research.

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Footnotes

¹ To control for priming effects and counterbalance the order of the measurement of the predictor and criterion variables (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), the affective commitment items were asked prior to the perceived status item set on the survey.

² We also examined the potential interaction between the dual commitments (affective commitment to the client organization and to the employer) in predicting intent to quit. Using hierarchical regression analyses, the interaction term was non-significant.

³ We thank an anonymous reviewer for this research idea.

Table 1

Means, Standard Deviations, and Inter-correlations

	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7
1. Gender	.70	.46							
2. Age	3.70	1.13	.15**						
3. Tenure	13.54	10.41	.10*	.54**					
4. Perceived job opportunities	4.57	1.27	.11**	-.11**	-.02				
5. Contract worker perceived employment status similarity	3.48	1.69	-.04	.02	.16**	-.03			
6. Affective commitment to client	5.01	1.22	-.05	.09*	.15**	.12**	.30**		
7. Affective commitment to employer	4.46	.87	-.12**	.10**	.18**	-.01	.41**	.58**	
8. Intent to quit	3.35	1.83	.17**	-.12**	.01	.04	-.27**	-.32**	-.38**

Note: $N = 623$.Gender was coded as 0 = female, 1 = male. * $p < .05$; ** $p < .01$.

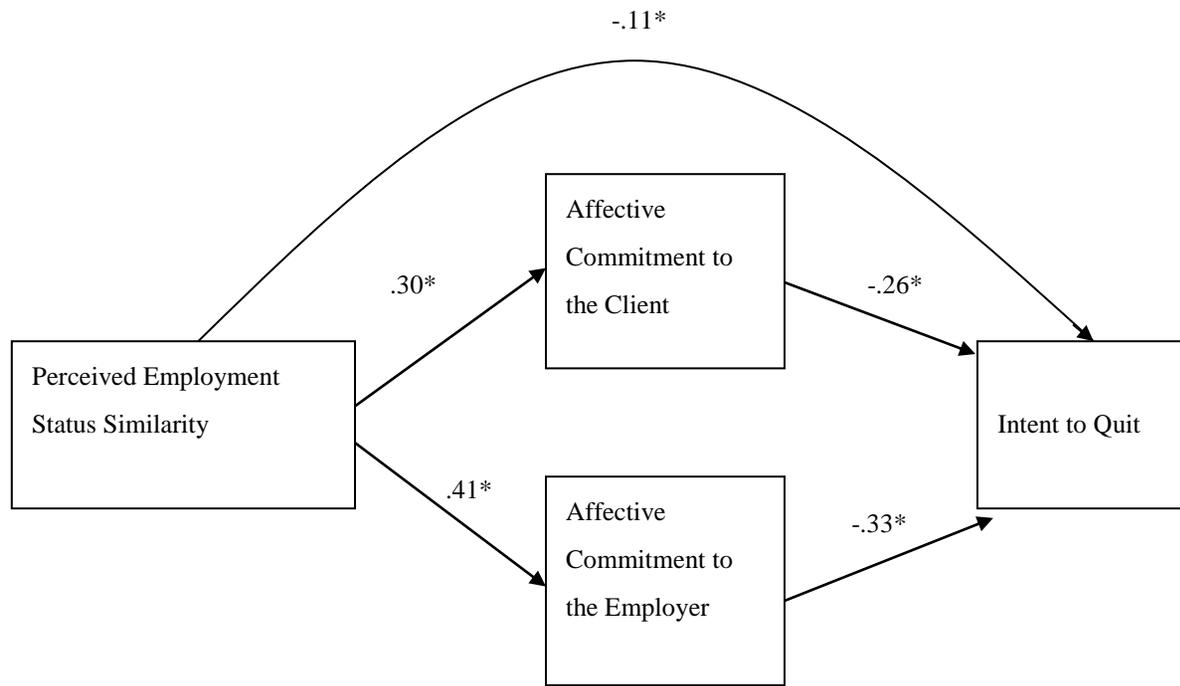


Figure 1. LISREL model with standardized path coefficients

Note: $N = 623$.

* $p < .05$.