Dealing with temporariness

Generational effects on temporary agency workers’ employment relationships

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Abstract

Purpose – A major trend in the changing nature of work is the increasing use of temporary workers. Although common among students, older employees have joined the ranks of temporary workers as they extend their work lives. Temporary workers tend to report lower affective commitment and consequently poorer work outcomes. However, different generations of workers may conceive temporary work differently from each other. The purpose of this paper is to explore how different generations of temporary workers respond to human resource practices (HRP), which in turn influences their affective commitment and work performance.

Design/methodology/approach – The sample is comprised of 3,876 temporary agency workers (TAWs) from seven temporary employment agencies in Portugal. The authors undertook multiple group SEM analyses to test a moderated mediation model that accounts for TAWs’ affective commitment (toward the agency and the client company) across three generations (Baby Boomers, Generation X and Millennials) in the relationship between human resources practices and overall perceived performance.

Findings – After controlling for gender, age and tenure, the authors find generational differences in the perceptions of HRP and perceived performance. The results support the moderator effect of generations in the direct and indirect relationships – through both affective commitments – between TAWs’ perceived HRP and perceived performance.

Research limitations/implications – The cross-sectional design limits the possibility to make causal inferences.

Originality/value – This study contributes to a better understanding of how different generations respond to temporary employment relationships. The findings suggest important differences in the way in which the same HRP system relates (directly and indirectly through affective commitment toward the client) with their perceived performance across different generations.

Keywords Quantitative, Generations, Social exchange, Human resource practices, Generational differences, Temporary/contingent workers

Paper type Research paper

Introduction

Over the past few decades, our understanding of temporary or contingent employment has changed. Since the 1980s, contingent work arrangements were associated with economic expansion and short-term increases in production (Zimmerman et al., 2013). Subsequently,
the number of contingent workers has grown exponentially (Eurostat, 2019; Organization for Economic Co-operation and Development, 2018) particularly with the use of temporary agency workers (TAWs) (World Employment Confederation, 2019). TAWs are no longer confined to an activity or sector (Buch et al., 2010). TAWs work alongside employees who are directly hired (Burgess and Connell, 2006), and they are now considered a regular component of many organizations’ labor force (Koene et al., 2014). As a result, their work attitudes and performance are equally critical for a firm’s success.

Complementing this trend, the changing nature of work also shapes the work attitudes and expectations across different generations of workers (Ng and Parry, 2016). Since the 1990s, contingent workers were no longer just working students or individuals seeking a supplement to their main activity (Feldman et al., 1994). For younger generations, contingent work may represent their first job opportunity, while for older workers it may represent a reentry into the labor market. Both developments – the growth in contingent work and differently motivated workers across generations – affect how workers perceive human resource practices (HRP) in their employment relationships.

The growth of temporary work and the emergence of TAWs, make it critical to assess the extent to which existing theories, built upon the framework of standard employment, are applicable to new work arrangements (Gallagher and Connelly, 2008). Research tradition in management has emphasized the link between HRP and the business strategy (Ulrich et al., 2008). New HRP, such as high-performance work systems, require a high degree of employee identification and commitment for these practices to be effective (Boselie, 2010). In this respect, the greatest disadvantage of temporary employment is a lack of worker loyalty and commitment to the employer (e.g. Pfeffer, 1994). However, some researchers claim that this disadvantage might be diminished through HR policies that integrate these workers, and in the long run increase their efforts and dedication (Zimmerman et al., 2013). However, the emergence of TAWs creates additional complexity to this work arrangement. The engagement of an intermediary third-party (i.e. the temporary agency) establishes a triangular employment relationship in which workers have to connect with whom they have a formal contract (i.e. the temporary agency) and with whom they actually work for (i.e. the client-company) (Kalleberg, 2009). Consequently, the challenge of making TAWs feel that they belong is even greater since this involves more than one organization.

Secondarily, the presence of multiple generations of workers within the workplace entails different and often conflicting demands for management (Lub et al., 2016; Costanza et al., 2012). In this regard, research on generational differences can inform us on the relevant work values and attitudes motivating different generations at work (e.g. Lub et al., 2016; Costanza et al., 2012; Lyons et al., 2012). Employers recognize that generational differences influence motivations, needs, learning styles, career expectations and work values (e.g. Cogin, 2012; Gursoy et al., 2008; Ng et al., 2012). As Ng and Parry (2016) note, the evidence on generational differences allows us to infer variousattitudes and outcomes related with their career and workplace expectations. For example, older generations have stronger work ethic and job involvement than younger generations (Egri and Ralston, 2004), while the younger generations are less loyal and committed to their employers than older generations (D’Amato and Herzfeldt, 2008; Twenge and Campbell, 2008).

If the workplace becomes more age diverse (Cogin, 2012), the generational differences are amplified for TAWs, not only because different age groups might form different perceptions of contingent work arrangements, but also because this arrangement fulfills different needs for different workers (i.e. a first job opportunity for younger workers and an alternative to unemployment for older workers). The present study seeks to examine how generational effects (i.e. Baby Boomers, Generation X and Generation Y or “Millenials”) may influence the work outcomes for TAWs who experience the same HRP. Figure 1 summarizes the research model.

Our study responds to calls by several authors (Ashford et al., 2007; Gallagher and Connelly, 2008; Zimmerman et al., 2013) to deepen our understanding of temporary work
relationships, particularly within the context of a multigenerational workforce. Our findings thus contribute to the literature on contingent work and knowledge about TAWs, their motivations and perceived work outcomes. This knowledge can help employers better match the needs of a multigenerational workforce when temporary and contingent work becomes more prominent.

**TAW HRP perceptions: a social exchange approach**

Social exchange theory is helpful in providing an explanatory framework that clarifies how perceived HRP and employee behaviors are related with each other (Alfes et al., 2013). Accordingly, employees adjust their attitudes based on their perceptions of what organizations provide them (i.e. the norm of reciprocity; cf., Alfes et al., 2013; Bowen and Ostroff, 2004). Workers’ reactions to employer investments, such as those made through HRP, are a result of a broader exchange between employers and employees (Jackson et al., 2012). The fit between HRP with employee and individual needs (i.e. values, goals and expectations) determines the effectiveness of employer investment into employees (Boon et al., 2011). Bowen and Ostroff (2004) suggest that HRM is essentially a communication channel in which practices are used to send certain messages and evoke certain behaviors. It is through these messages, embedded within a HRP system, that employers convey the workers values, leading workers to reciprocate their efforts to their employers (Chambel et al., 2015, 2016).

Past research has shown that HRP are positively related to affective commitment and performance (e.g. Takeuchi et al., 2007). Additionally, commitment is an antecedent of other workplace outcomes, such as self-ratings of performance (Meyer et al., 2002). Affective commitment is conceived as a “mindset that binds an individual to a course of action” (Meyer and Herscovitch, 2001). It provides a context within which motivation and performance will increase (Armstrong, 2006), through an emotional link and identification...
with an organization’s values and goals (Chambel et al., 2015). In this respect, organizations should invest in HRP to gain their workers’ commitment (Shahnawaz and Juyal, 2006).

Although TAWs are in a three-way relationship, which create “dual allegiances” (Bonet et al., 2013), their perceptions of the exchange relationships (i.e. with the agency and with the client; Giunchi et al., 2015) are not independent (Chambel et al., 2016; Castanheira and Chambel, 2010). TAWs perceive the HRP system regardless of the organization or employer offering these practices. Buch et al. (2010) note that behaviors toward one employer may depend on the benefits that are exchanged between that employer and TAWs. Early studies demonstrate these investments contribute to an increase in TAWs’ affective commitment, both with the agency and client company (Chambel and Sobral, 2011; Chambel et al., 2015, 2016), which in turn influences their employment relationships (Buch et al., 2010; Liden et al., 2003).

**Generational cohorts: moderation effect**

The influence of generations, as a potential moderator on the relationship between HRP and workers’ attitudinal outcomes, especially in relation to TAWs, has been understudied (Kooij et al., 2010). Prominent studies (e.g. Conway, 2004; Finegold et al., 2002) that considered age as a moderator, investigate life span (age effect) rather than generational explanations. While age effects are directly connected with the physiological growth and accumulation of experience, generational effects are connected with a phenomenon of shared experiences amongst a specific group and during a specific time period (Kowske et al., 2010).

According to Mannheim (1952), generational membership is based on age in relation to a historical time and individuals do not change their membership in a generation group (Kowske et al., 2010). Individuals belong to a generation because they interact and move together with others in the same time period, influencing and are being influenced by a variety of critical factors (Brown, 2012). Thus, generations are constructed through a set of historical events that produce shared values, attitudes, beliefs and behaviors, which in turn create distinctive cohorts of workers (Kupperschmidt, 2000). The members of a particular generation are “born, start school, enter the workforce, have children, and retire at about the same time and age” (Kowske et al., 2010), and together they share unique experiences (Noble and Schewe, 2003) that may influence their life and values, including their employment relationship (Jurkiewicz, 2000). Globalization, technological advancement and the media also helped create a much more global concept of a generation that transcends national borders (Ng et al., 2012).

Some scholars note that there is insufficient empirical evidence on generational differences, making it difficult for organizations to manage them (Arsenault, 2004). In reality, these studies have been unable to detect true generational differences vis-à-vis aging effect (i.e. maturation) owing to poor research design (Costanza et al., 2012; Ng and Parry, 2016; Parry and Urwin, 2011). To address this concern, we control for age (and tenure) in accordance with past research. If differences are observed after controlling for age, we can then discount the effects of aging and attribute the differences to generational or cohort effects. This analytical strategy has been accepted in past studies to detect generational differences (see Twenge et al., 2010; Twenge and Campbell, 2008; Kowske et al., 2010; Meriac et al., 2010).

**Generational differences.** In this study, we focus on three generations presently working along side each other and experiencing contingent work. Based on research conducted in the USA (e.g. Howe and Strauss, 1991; Lancaster and Stillman, 2002), Baby Boomers are those born between 1945 and 1965, Gen Xers are those born between 1966 and 1980 and Millennials are those born between 1981 and 1995. Although the present study was conducted in Portugal, the exact location and cut off years matter less particularly in a globalized era where technology and media facilitated a shared historical perspective that shape the value, attitudes and expectations across the three generations.
Baby Boomers are post-war children who entered the labor market during periods of low unemployment and they go on to build stellar careers which is characterized by upward linear career moves (Lyons et al., 2015). Baby Boomers display strong work ethics by working long hours, and work is a salient aspect of their lives (Gursoy et al., 2008). Within organizations, Baby Boomers seek loyalty, respect and a well-defined hierarchy (Chi et al., 2013). They commit strongly to their employers (Karp et al., 2002) and aspire to a career with the same company (Chi et al., 2013). Most enjoy relative career stability and dealt with economic uncertainties and job insecurity only later in their careers (cf. Lancaster and Stillman, 2002; Lyons et al., 2012).

In contrast, Gen Xers face significantly greater challenges than the Baby Boomers during their entry into the labor market. They experience poor economic trends, weak job growth and a trend toward outsourcing. Gen Xers are much more likely to “job hop” and change jobs and employers to maintain employment (cf. Lancaster and Stillman, 2002; Lyons et al., 2012). Gen Xers also perceive poor employer commitment to employees from the layoffs and dismissals of Baby Boomers who have given so much of their lives to work (Jurkiewicz, 2000). As a result, Gen Xers are skeptical with institutions in general, and are cautious about investing into their own work lives (Brown, 2012). They are also the first generation to have “modern careers” (i.e. boundaryless and protean careers) characterized by mindset and physical mobility with short-term employer commitments (Baruch, 2004).

Millennials enter the labor market during the global financial crisis and major shifts in the economy (Archer, 2017). Long-term, permanent employment is less common while precarious and non-standard work are the norm. Although Millennials are said to have high expectations of themselves and their careers, many of their career aspirations have not materialized, as youth unemployment is at record highs for Millennials (Ng et al., 2017). Millennials value career growth and opportunities for advancements, and they are constantly looking for opportunities to develop their skills and competencies (Burke and Ng, 2006). As a result, we expect that Millennials will value the HRP employers invest in them.

In light of the foregoing discussion, we propose two pathways in which HRP can affect work outcomes. First, a direct relationship between HRP and perceived work performance is expected to be stronger for Millennials than for the other generations. Second, an indirect relationship, mediated by double employment relationships of TAWs (i.e. their affective commitment toward the agency and client company), is expected to be stronger for Baby Boomers than for the other generations. We anticipate that social exchange will play a less dominant role for Baby Boomers as work is a central part of their lives. In other words, HRP will have a lesser effect Baby Boomers’ perceived work performance than for younger generations of workers. On the other hand, we expect HRP will have a (stronger) direct effect on Millennials’ perceived performance, because they may expect an employer’s investment, in their skill acquisition and development (HRP) to attain their career aspirations:

**H1.** The direct relationship between TAWs’ perceived HRP and their perceived performance is stronger for Millennials than for Gen Xers and Baby Boomers.

**H2.** The indirect relationship between TAWs’ perceived HRP and their perceived performance, when mediated by the affective commitment (with both the agency and client company), is stronger for Baby Boomers than for Gen Xers and Millennials.

**Method**

*Data collection and sample*

A field survey is undertaken for this research. The sample is composed of TAWs ($n = 3,876$) from seven temporary employment agencies, operating in several industries in Portugal. The agencies agreed to participate in the survey in exchange for a summary of the results.
All selected employers that participate in the survey use TAWs to meet their labor force needs. Data were collected online using Survey Monkey over a period of four weeks. E-mails were sent directly by the agencies to the TAWs to invite them to participate in the survey. Participation was voluntary and no incentive was being offered to the TAWs. The participation rate ranges between 42 and 58 percent at each company (client employer). The sample is comprised of Baby Boomers (4.3 percent), Gen Xers (32.2 percent) and Millennials (63.5 percent). There were more women (54.1 percent) than men, and the average age of the respondents was 31 years old. An overwhelming majority also attended university (71.6 percent).

Measures

Perception of HRP. Perceptions of the HRP system was measured using a 20-item scale. The scale was adapted, tested and validated with Portuguese TAWs by Chambel et al. (2016) and Sobral et al. (2019). According to Sobral et al. (2019) because each HRP is not independent, this scale examines how TAWs perceive HRP regardless of the company providing these practices (i.e. agency or client company). It is believed that the agency and the client are jointly responsible for the HRP system and thus, overall perceptions were measured. Items on recruitment and performance appraisal were obtained from Zacharatos et al. (2005) and Takeuchi et al. (2007). Items related to training to promote TAWs' employability (e.g. acquiring transferable skills that can be used inside or outside the current organization) were adapted from Chambel and Sobral (2011). Finally, items related to socialization were obtained from Ashforth and Saks (1996). Sample items include “When I started working in this company, my job goals were clearly explained to me,” and “The criteria for performance evaluation are clear at this company.” All the items were measured using on a seven-point Likert-scale. To evaluate the goodness-of-fit, a confirmatory principal components analysis was performed for each model. The results (SRMR = 0.06; IFI = 0.92; TLI = 0.90; CFI = 0.92; RMSEA = 0.08) indicate a good fit between the data and the conceptual model. To examine the factor structure of these items, a factor analysis with principal axis factoring extraction with a single-factor solution was performed. The resulting 20-item scale had a reliability of 0.94, which is comparable to the results obtained by Lepak and Snell (2002; α = 0.89) and by Takeuchi et al. (2007) (α = 0.90) for their HRP measure.

Affective commitment. TAW's affective commitment toward the agency (α = 0.90) and the client-company (α = 0.90) was measured using a Portuguese translated scale by Meyer et al. (1993). Sample items include “I would be happy if I developed the rest of my career in this company” and “I do not feel emotionally attached to this company” (inverted). The items were measured on a seven-point scale. This measure has previously translated and tested with Portuguese TAWs (Chambel et al., 2016; Chambel and Sobral, 2011). Lastly, the model fit results indicate a good fit between the data and the conceptual model, for both the agency commitment (SRMR = 0.01; IFI = 0.99; TLI = 0.99; CFI = 0.99; RMSEA = 0.03) and client commitment (SRMR = 0.02; IFI = 0.99; TLI = 0.99; CFI = 0.99; RMSEA = 0.06).

Perceived performance. TAWs’ overall perceived performance with client firms was measured using 14 items (α = 0.89) from Williams and Anderson (1991). This scale examines how TAWs perceive their overall performance on their assigned tasks. A sample item is “I perform adequately the tasks that are assigned to me.” The items were measured on a five-point scale and the measure was also previously used in TAWs research (Chambel and Castanheira, 2007). The results indicate a good fit between the data and the conceptual model (SRMR = 0.06; IFI = 0.94; TLI = 0.91; CFI = 0.94; RMSEA = 0.08).

Analyses

Our data analysis plan involved several phases. First, we performed a confirmatory factor analysis (CFA) to assess the discriminant validity of all the self-report measures, and
address concerns with common method bias by comparing our model with a one-factor model (Podsakoff and Organ, 1986). Analyses were computed with the AMOS 17.0 software (Arbuckle, 2008), and the Maximum Likelihood Estimation Method and covariance matrix were used. Following established steps (Arbuckle, 2008; Hu and Bentler, 1999), evaluation of the overall goodness of fit of the models was based on a combination of several indices. Models were compared based on \( \chi^2 \) differences; standardized root mean square (SRMR); Bentler comparative fit index (CFI); Tucker–Lewis fit index (TLI); and the root mean square error of approximation (RMSEA). For CFI and TLI, values greater than 0.90 represent a good model fit; for SRMR and RMSEA, values less than 0.07 indicate a good model fit.

For measurement models, the full model was first tested (Anderson and Gerbing, 1988). This four-factor model included all observed items loading on their respective latent variables (HRP, affective commitment to agency, affective commitment to client and perceived performance). The latent variables were allowed to correlate with each other. The full measurement model indicates a good fit (\( \chi^2(955) = 12,767.97, p < 0.001; \) SRMR = 0.06; IFI = 0.91; CFI = 0.91; RMSEA = 0.06) and all standardized regression coefficients were significant at the 0.001 level.

To test for common method variance, a Harman’s single-factor test (Podsakoff et al., 2003) was conducted. This test involves a CFA in which all variables are allowed to load onto one general factor (one-factor model). This model demonstrates a poor fit to the data (\( \chi^2(959) = 32,568.21, p < 0.001; \) SRMR = 0.11; IFI = 0.75; CFI = 0.75; RMSEA = 0.09) indicating that a single factor does not account for the majority of variance in the data. A second test was performed, as recommended by Podsakoff et al. (2003), in which an unmeasured latent methods factor was added to the four-factor model, allowing all items to load on their theoretical constructs, as well as on the latent methods factor. The methods model obtained a good fit (\( \chi^2(909) = 9,270.44, p < 0.001; \) SRMR = 0.04; IFI = 0.93; CFI = 0.93; RMSEA = 0.05). Since the “methods” model cannot be nested within the four-factor model, but both have the same observed variables, the comparison of the goodness-of-fit of these models was calculated by CFI difference. The change of CFI between the two models was 0.02, which is below the suggested rule of thumb of 0.05 (Bagozzi and Yi, 1990). Therefore, we conclude that including the method factor in the model does not significantly improve the overall fit of the model.

Finally, another nested model was computed to test alternative combinations of observed variables. In this model, a three-factor model was explored in which affective commitment to agency and affective commitment to client’s observed items were loaded onto a latent variable and the remaining observed items were loaded onto their respective latent variables (HRP and perceived performance). This model indicates an acceptable fit (\( \chi^2(957) = 17,554.07, p < 0.001; \) SRMR = 0.07; IFI = 0.87; CFI = 0.87; RMSEA = 0.07) with IFI and CFI slightly below the minimum of 0.90 (Arbuckle, 2008). This model shows a significantly poorer fit to the data when compared to the full measurement model (\( \Delta \chi^2(2) = 4,786.10, p < 0.001 \)). Taken together, these analyses show that the factor structures of the research variables were consistent with the conceptual model and the manifest variables loaded onto the latent variables, as intended.

To analyze whether the constructs in the model were distinct from each other, a test of the scales’ discriminant validity was performed following Fornell and Larcker (1981). The average variance extracted for each scale variable was calculated. According to Fornell and Larcker (1981), scale variables are sufficiently different from one another if a scale’s average variance extracted is greater than its shared variance with any other scale variable in the model. This condition was met, and therefore we conclude that all scales were distinct from one another. The values are reported in Table I along with composite reliability, inter-scale correlations and descriptive statistics for all variables across sub-samples.
After controlling for gender, age, tenure in the agency, and tenure with the client, analyses of covariance indicates there was no significant difference in the average perceptions of HRP among Baby Boomers (M = 4.85), Gen Xers (M = 4.92) and Millennials (M = 4.90; F (2, 3869) = 0.81, p > 0.45). However, for affective commitment with the agency, analyses of covariance (F (2, 3869) = 6.51, p < 0.01) indicate that Baby Boomers report the highest levels of affective commitment to the agency (M = 4.52), followed by Gen Xers (M = 4.13), and Millennials (M = 3.93). For affective commitment with the client (F (2, 3869) = 4.68, p < 0.01), Baby Boomers (M = 4.64) and Gen Xers (M = 4.70) report similar levels of affective commitment, which are significantly higher than Millennials (M = 4.43).

In order to quantify the magnitude of differences between groups, effect size was computed for each pair of generations and significant differences were found. According to Coe (2002), effect size points to a difference that exists between two groups (i.e. by calculating the percentage for each group that is below the average of the comparator group). For affective commitment to the agency, the effect sizes between: Baby Boomers and Gen Xers were 0.25, indicating that 62 percent of the Gen Xers were below the Baby Boomers’ average; Baby Boomers and Millennials were 0.38, suggesting that 66 percent of the Millennials were below the Baby Boomers’ average; and Gen Xers and Millennials were 0.12, suggesting that 54 percent of the Millennials were below the Gen Xers’ average. For affective commitment to the client, the effect sizes between Baby Boomers and Millennials were 0.14, indicating that 54 percent of the Millennials were below the Baby Boomers average; and Gen Xers and Millennials were 0.18, suggesting that 58 percent of the Millennials were below the Gen Xers average.

Correlations (Table I) show that perceived HRP is positively associated with affective commitment to the agency and client, and these, in turn, are positively associated with TAWs’ overall perceived performance.

### Results

#### Structural models

In order to test our hypotheses, we performed multiple group analyses following Byrne (2001, pp. 173-199). Affective commitment to the agency and to the client were allowed to
interact in the model. Additionally, demographic variables were controlled in order to rule out alternative explanations for the findings. Thus gender, age and tenure with the agency, and tenure with the client were introduced in the models as observed variables to control for potential confounding effects. First, a full-mediation model was fitted to the data. This model included direct structural paths from HRP to affective commitment to the agency and to the client, and from affective commitment to the agency and to the client to the overall perceived performance. The full-mediation model showed an adequate fit to the data ($\chi^2(1,129) = 13,577.88, p < 0.001$; SRMR = 0.06; IFI = 0.90; CFI = 0.90; RMSEA = 0.05).

Second, a direct structural path from HRP to perceived performance was added to test the partial-mediation model. The partial-mediation model indicates a good fit to the data ($\chi^2(1,128) = 13,554.76, p < 0.001$; SRMR = 0.06; IFI = 0.91; CFI = 0.90; RMSEA = 0.05) and significantly better than the full-mediation model ($\Delta\chi^2(1) = 23.12, p = 0.001$).

The partial-mediation model was then tested in a multiple group analysis with each pair of generations with a view to inspecting invariance across the samples. A bootstrap approach (using 5,000 bootstrap samples) was used to calculate 95% bias-corrected bootstrap Confidence Intervals (CI) of standardized indirect effects. For each pair of generations, the fit of the partial-mediation model was then compared to two alternative models. In the constrained path coefficients model, we constrained all coefficient paths from the latent variables to the manifest variables to be equal; and in the constrained structural paths model, we constrained the structural paths between the latent variables to be equal in the two sub-samples to test invariant structural relationships. Finally, we performed tests for invariance to inspect the location of this non-invariance. We set up an iterative process to assess invariance for each of the structural paths separately. A partial-mediation model in which a particular loading was constrained equal across the samples was fitted the data, and then compared with the original model. When the fit did not deteriorate (i.e. when the $\chi^2$ difference was not significant), this constrained loading was included in the next model, which included another constrained structural path. This was repeated until we reached the final partial-mediation model for each pair of generations (Table II and Figure 2).

Figure 1 shows the results for the three generations. As for the direct relationships between HRP and the perceived performance ($H1$), results demonstrate that HRP is positively associated with perceived performance for both Gen Xers ($\beta = 0.10, p < 0.05$) and Millennials ($\beta = 0.12, p < 0.001$), but not for Baby Boomers ($\beta = 0.14, p < 0.23$). Furthermore, multiple group comparisons indicated that this direct effect is significantly higher for Millennials (direct effect = 0.04; 95% CI from 0.02 to 0.06). $H1$ is thus supported.

For the indirect relationship between HRP and perceived performance, results indicate that regardless of the generation, higher levels of perceived HRP are associated with higher affective commitment to the client (Baby Boomers: $\beta = 0.64, p < 0.001$, Gen Xers: $\beta = 0.59, p < 0.001$ and Millennials: $\beta = 0.60, p < 0.001$) and higher affective commitment to the agency (Baby Boomers: $\beta = 0.61, p < 0.001$, Gen Xers: $\beta = 0.51, p < 0.001$ and Millennials: $\beta = 0.54, p < 0.001$). Multiple group comparisons indicated that these relationships were significantly different across generations, with Baby Boomers reporting the highest levels of affective commitment to the agency and to the client, followed by Millennials, with Gen Xers reporting the lowest levels of commitment. Furthermore, affective commitment to the client was positively associated with perceived performance, with significant differences across the three generations (Baby Boomers: $\beta = 0.46, p < 0.05$, Gen Xers: $\beta = 0.38, p < 0.001$ and Millennials: $\beta = 0.37, p < 0.001$). Results indicate that affective commitment to the client mediates the relationship between HRP and perceived performance for Baby Boomers (indirect effect = 0.03; 95% CI from 0.01 to 0.09), Gen Xers (indirect effect = 0.04; 95% CI from 0.03 to 0.06) and Millennials (indirect effect = 0.07; 95% CI from 0.05 to 0.08). Contrary to expectations, affective commitment to the agency was not significantly associated with perceived performance (Baby Boomers: $\beta = -0.19, p = 0.14$, Gen Xers: $\beta = -0.01, p = 0.83$ and Millennials: $\beta = -0.01, p = 0.92$). $H2$ is only partially supported.
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<tr>
<th>Models</th>
<th>$\chi^2$</th>
<th>$\Delta \chi^2$</th>
<th>SRMR</th>
<th>IFI</th>
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<td><strong>Baby Boomers–Generation X</strong></td>
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<tr>
<td>Baseline model</td>
<td>$\chi^2 (2,252) = 7,053.26^{**}$</td>
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<td>Constrained path-coefficient model</td>
<td>$\chi^2 (2,336) = 9,454.55^{**}$</td>
<td>$\Delta \chi^2 (84) = 2,401.29^{**}$</td>
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<td>Constrained structural-coefficient model</td>
<td>$\chi^2 (2,262) = 9,539.72^{**}$</td>
<td>$\Delta \chi^2 (10) = 2,486.46^{**}$</td>
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<td>Final model</td>
<td>$\chi^2 (2,260) = 7,067.67^{**}$</td>
<td>$\Delta \chi^2 (8) = 14.41; p = 0.07$</td>
<td>0.08</td>
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<td>Baseline model</td>
<td>$\chi^2 (2,252) = 11,288.75^{**}$</td>
<td>Compare to baseline model</td>
<td>0.06</td>
<td>0.90</td>
<td>0.90</td>
<td>0.04</td>
</tr>
<tr>
<td>Constrained path-coefficient model</td>
<td>$\chi^2 (2,336) = 14,981.49^{**}$</td>
<td>$\Delta \chi^2 (84) = 3,692.74^{**}$</td>
<td>0.09</td>
<td>0.86</td>
<td>0.86</td>
<td>0.04</td>
</tr>
<tr>
<td>Constrained structural-coefficient model</td>
<td>$\chi^2 (2,262) = 15,921.71^{**}$</td>
<td>$\Delta \chi^2 (10) = 4,632.96^{**}$</td>
<td>0.14</td>
<td>0.85</td>
<td>0.85</td>
<td>0.05</td>
</tr>
<tr>
<td>Final model</td>
<td>$\chi^2 (2,258) = 11,300.73^{**}$</td>
<td>$\Delta \chi^2 (6) = 11.98; p = 0.06$</td>
<td>0.07</td>
<td>0.90</td>
<td>0.90</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Generation X–Generation Y</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline model</td>
<td>$\chi^2 (2,252) = 14,164.31^{**}$</td>
<td>Compare to baseline model</td>
<td>0.06</td>
<td>0.90</td>
<td>0.90</td>
<td>0.04</td>
</tr>
<tr>
<td>Constrained path-coefficient model</td>
<td>$\chi^2 (2,336) = 19,418.22^{**}$</td>
<td>$\Delta \chi^2 (84) = 5,253.69^{**}$</td>
<td>0.12</td>
<td>0.86</td>
<td>0.86</td>
<td>0.05</td>
</tr>
<tr>
<td>Constrained structural-coefficient model</td>
<td>$\chi^2 (2,262) = 20,717.50^{**}$</td>
<td>$\Delta \chi^2 (8) = 6,548.19^{**}$</td>
<td>0.12</td>
<td>0.85</td>
<td>0.85</td>
<td>0.05</td>
</tr>
<tr>
<td>Final model</td>
<td>$\chi^2 (2,258) = 14,175.27^{**}$</td>
<td>$\Delta \chi^2 (6) = 1.96; p = 0.09$</td>
<td>0.06</td>
<td>0.90</td>
<td>0.90</td>
<td>0.04</td>
</tr>
</tbody>
</table>

**Notes:** * $p < 0.05$; ** $p < 0.001$
Discussion
In this study, we seek to understand the extent to which the same set of HRP may trigger different responses among TAWs from different generations. To identify differences in the direct and indirect exchange relations that TAWs establish with both organizations (i.e. agency and client company) in their employment relationship, our study builds on multiple group analyses to explore the effect of each generation as depicted in our conceptual model (see Figure 1).

Irrespective of generations, our results demonstrate that TAWs reciprocate and respond to the HRP investments made in them (Chambel et al., 2016). In line with earlier studies, our findings confirm that investments in TAWs can lead to high affective commitment (Chambel et al., 2015; Chambel and Sobral, 2011) and overall positive work outcomes (Buch et al., 2010; Chambel and Castanheira, 2006). We also establish that TAWs can form two sets of commitments, one with the agency and another with the client company (Giunchi et al., 2015; Buch et al., 2010; Liden et al., 2003).

Our analysis of the HRP system further suggests that TAWs view these practices from a global perspective, despite having triangular work relationships. Specifically, TAWs perceive HRP investments have an impact on their relationship with the agency and with client companies, regardless of which client company provides them. This is in line with recent research where HRP investments by one employer reinforces the positive perceptions TAWs have on other client employers (Buch et al., 2010; Connelly et al., 2011; Coyle-Shapiro and Morrow, 2006; Sobral et al., 2019). Client companies can therefore elicit stronger affective commitment from TAWs if they jointly provide HRP and mutually reinforce each other’s efforts, resulting in better work outcomes and performance (Coyle-Shapiro and Morrow, 2006).

The existence of a positive relationship between the perception of a HRP system and the double affective commitment also confirms the ability of TAWs, who are in triangular work relationships, to develop and form two connections in their employment relationships (Buch et al.; Connelly et al., 2007; Lapalme et al., 2011; Liden et al., 2003). Nonetheless, the relationship between the HRP system and affective commitment with the agency and the client company might be different. For example, our results show a stronger relationship between the HRP and affective commitment with the client than with the agency, reinforcing the positive effects of HRP investment by client companies on TAWs.

| Notes: (a) Baby Boomers; (b) Generation X; (c) Generation Y. *p<0.05; **p<0.001 | Figure 2. Research model and standardized path coefficients | Dealing with temporariness |
Our findings also support the moderator effect of generations in the direct and indirect relationships – through both affective commitments – between TAWs’ perceived HRP and perceived performance. Although all generations equally value and positively interpret the HRP investments in them, there were differences in the way different generations of workers develop their employment relationships. Our results suggest that the same set of HRP evoke different responses, depending on the fit between the HRP and the generation in question. In this respect, our findings demonstrate that HRP system was direct and positively associated with TAWs’ perceived performance for both Gen Xers and Millennials, but not for Baby Boomers. This finding supports our assertion that social exchange plays a less dominant role for Baby Boomers than for Gen Xers and Millennials, as work is a much more central role for Baby Boomers (also see Twenge et al., 2010), thereby requiring less of an exchange.

When comparing Gen Xers with Millennials, this direct effect was significantly higher for Millennials. Both Gen Xers and Millennials value the employers’ investments, even in temporary work arrangements. As part of the exchange, if TAWs recognize the investment made by employers, they are more likely to reciprocate the employers’ investments though increased efforts (Chambel and Sobral, 2011). TAWs who perceive HRP adapt and perform better (Slattery et al., 2006), which is also reflected in our sample of Gen Xers and Millennials. Indeed, both the younger generations form a higher sense of their own performance.

We also know from past research that Millennials have a strong emphasis on self-development (Macky et al., 2008) and they actively seek out developmental opportunities (Lub et al., 2016). As a result, they are much more likely to respond to employer investments in them. Because Millennials have lower concerns for job security (Macky et al., 2008), they may see temporary employment as a stepping stone in their career progression.

In contrast, Baby Boomers have a different employment experience from Millennials and Gen Xers. Baby Boomers are much more interested in establishing relationships and loyalty in employment (Chi et al., 2013; Karp et al., 2002). Our results show that Baby Boomers report the highest levels of affective commitment with the agency and the client and reaffirm that Baby Boomers do value their employment relationships. Baby Boomers are often described as job focused and are motivated to work (Egri and Ralston, 2004; Smola and Sutton, 2002), and they value career steady progression (Chi et al., 2013; Karp et al., 2002). However, when confronted with challenging economic realities, they are equally capable of creating the same relationship with temporary agencies and client companies. For Baby Boomers, temporary work presents an opportunity for them to return to the labor market.

Another noteworthy finding is that Gen Xers report the lowest scores of affective commitment amongst the three-generation cohorts. From the literature, we expect that Millennials will report the lowest commitment. However, the literature also suggests that Gen Xers have diminished expectations, in part because of the challenging economics times they experienced when entering the labor market, leaving them cynical and alienated (Brown, 2012). From a social exchange perspective, Gen Xers may have developed skepticism and hence have less trust for organizations and employers. Thus, it is not surprising for Gen Xers to report the lowest level of commitment in the exchange relationship. Millennials, on the other hand, have been described as “hard to commit” on a long-term basis (Eiser, 2009), which has been demonstrated through shorter tenures and more frequent turnovers (Lyons et al., 2015). However, this does not mean they are unable to establish exchange relationships with the company through affective commitment. For Millennials, it is much more important for employers to continuously meet their evolving workplace needs (Kim et al., 2009).
Finally, regardless the generation, we did not find any significant relationship between TAWs’ affective commitment with the agency and perceived performance. This is likely because the relationship is formed with the company where TAWs physically perform their jobs, which influences their perceived performance. In other words, we only find a conditional indirect effect of perceived HRP on perceived performance via affective commitment toward the client company, but not toward the agency. Similar results have been reported by Lapalme et al. (2011). When testing the relationship between both commitments and TAWs’ discretionary behaviors on the client’s site, the researchers found that only the affective commitment toward the client was significantly related to such behaviors. Although TAWs show commitment toward two different organizations, it does not mean that this commitment has the same effect on the employees’ behaviors (Lapalme et al., 2011).

Overall, our study contributes to a better understanding of how different generations respond to temporary employment relationships. To our knowledge there has been no study that has examined generational differences among TAWs. Although we did not find any significant difference in the way the cohorts perceived and interpreted the HRP, we did detect significant differences in the way in which the same HRP system relates (directly and indirectly through affective commitment toward the client) with their perceived performance across different generations.

Limitations and future directions
A few limitations should be noted to put our findings in context. First, the cross-sectional design limits our ability to make causal inferences. It is also difficult to conclude that the differences we observed are attributed to generational effects alone. In order to address this, we control for age and tenure to avoid confounding generations with age (and tenure). We therefore suggest for future research to adopt a longitudinal design when exploring generational differences.

Second, we adopted a North American paradigm to exploring generational differences in Portugal, which may not fully reflect the unique traits and history of Portugal. However, globalization exerts a strong influence in shaping generational experiences which in turn may assist with the convergence of postwar values, beliefs, and attitudes (Ng and Parry, 2016). Furthermore, Costanza et al.’s (2012) meta-analytic review suggests that generational differences are not influenced by cross-cultural differences. Despite this, we caution that our findings and may have limited generalizability, and our findings should be interpreted with this in mind.

Third, self-reported data may raise concerns over common-method bias. To minimize this limitation, we followed several methodological and statistical recommendations of Podsakoff et al. (2003). Finally, given that we only have self-reported perceive performance, we encourage future research to replicate our study with more objective measures of performance. This would assist with triangulating work outcomes and performance.

Implications for practitioners
Our study adds to the literature on generational differences and TAWs and has important implications for practitioners. First, our finding shows that different generations of workers (TAWs) respond to the investment made by the agency and the client company. Accordingly, employers who resort to more flexible and temporary ways of hiring do not necessarily reflect poor work relations and the inability of workers to reciprocate. On the contrary, TAWs, like regular workers, can create and exchange work relationships with their employers. However, in contrast with regular workers, TAWs are capable of creating a double work relationship and employers should take note of this. The spillover effect that the relationship with one company can have on the others shows that companies must build
a joint management strategy, which can lead to a better perception of the work relations TAWs create with both; and better work outcomes.

Furthermore, the direct and indirect relationships between the HRP perception and workers’ commitment and perceived performance deepens our understanding of how TAWs across different generations respond differently, or in certain cases similarly, to the investments made by their employers. Managers often face challenges in managing TAWs and this challenge is compounded by having multiple generations working alongside each other, each with their own values, attitudes, motivations and expectations from the same employer (Westerman and Yamamura, 2007). HRP can be a valuable tool to convey an employer’s investment to TAWs. For younger workers, this investment is more transactional (i.e. social exchange) with direct effect to their perceived performance. From an employer’s perspective, the necessity for direct employment is reduced since HRP can help foster commitment and performance. This becomes more critical as flexible work arrangements become the norm in employment relationships. For older workers, the exchange becomes less important as work continues to be central to their lives. Employers should therefore consider the way different generations perceive work and HRP to better respond to the workers needs and expectations.

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References


Further reading

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Dealing with temporariness