Examining the Effects of Work Externalization Through the Lens of Social Identity Theory

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This study examines whether dissimilarity among employees that is based on their work status (i.e., whether they are temporary or internal workers) influences their organization-based self-esteem, their trust in and attraction toward their peers, and their altruism. A model that is based on social identity theory posits that work-status dissimilarity negatively influences each outcome variable and that the strength of this relationship varies depending on whether employees have temporary or internal status and the composition of their work groups. Results that are based on a survey of 326 employees (189 internal and 137 temporary) from 34 work groups, belonging to 2 organizations, indicate that work-status dissimilarity has a systematic negative effect only on outcomes related to internal workers when they work in temporary-worker-dominated groups.

The contingent workforce has, in the recent past, attracted a great deal of attention from both researchers (Houseman, 1997; Lee & Johnson, 1991) and practitioners (Fierman, 1994). This phenomenon may be linked to the increasing reliance of organizations on external workers, such as temporary, part-time, leased, and contract workers. In a study of 550 organizations, Houseman (1997) found that 46% of the establishments surveyed used some type of temporary worker, 23% had more than half their workforce made up of temporary workers, and two-thirds of the businesses anticipated an increase in their use of these workers. Organizations tend to employ temporary workers to enhance organizational flexibility and reduce employment-related costs, and much has been written about these benefits of externalization (cf. Caudron, 1997; Houseman, 1997). However, the use of such external workers may also result in negative consequences that are overlooked by both researchers and practitioners.

Previous research on the influence of work externalization on employee outcomes has typically compared the attitudes and behaviors of internal and temporary workers (cf. Davidson, 1999; Galup, Saunders, Nelson, & Cerveny, 1997), without any evidence that work status has a consistent influence on those outcomes. A possible reason is that employee attitudes and behaviors are more heavily influenced by factors such as the mix of internal and temporary workers in a work group than by the individual’s work status (Caudron, 1997; Smith, 1997). This may be because employee attitudes and behaviors that are related to their work status are influenced by their social identity, which encompasses those aspects of individual identity that are based on membership in social categories such as work status. Because social identity tends to be determined by individuals comparing themselves with relevant referent others, such as fellow group members (Tajfel & Turner, 1986), it is important to study the mix of work status in a work group. Researchers such as Geary (1992) and Smith (1994) have described cases in which internal workers develop negative work attitudes and behaviors from having to work with temporary coworkers and have demonstrated the need to examine the dynamics between internal and external workers to understand the influence of work externalization on employee outcomes.

In this article, we go beyond the earlier descriptive case studies and systematically examine the effects related to combining internal and temporary workers in organizational work groups, using social identity theory (Tajfel & Turner, 1986) to provide a strong theoretical framework. Four organizationally important outcome variables are studied: the employees’ organization-based self-esteem (OBSE), their attraction toward and trust in their coworkers, and their altruism. The hypothesized model is summarized in Figure 1.

Theoretical Model

We define internal and temporary workers on the basis of Pfeffer and Baron’s (1988) research. Both types of employees are under the administrative control of the organization and work full-time on-site. However, whereas temporary workers have a limited temporal connection to their organization, internal workers have a more long-term relationship with the firm. The work status of an employee refers to whether the employee is a temporary or internal worker. We use the theoretical framework of relational demography (Tsui, Egan, & O’Reilly, 1992) to define work-status dissimilarity: This refers to the extent to which an individual differs from the rest of the members of his or her work group in terms of work status.

Organization-based self-esteem is defined as an employee’s feelings of self-worth in an organizational context (Pierce, Gardner, Cummings, & Dunham, 1989). Trust in peers is defined as employees’ expectations regarding the behavior of their workgroup peers so that those who they trust will reliably support processes that help them and oppose processes that will harm them (Deutsch, 1973). Attraction toward peers refers to the extent to
which employees like and wish to interact socially with their work-group peers (Wayne & Liden, 1995). *Altruism* is peer-directed organizational citizenship behavior. These are discretionary, extrarole behaviors that in aggregate benefit the organization (Organ, 1988).

**Effects of Work-Status Dissimilarity on Social Identity**

We examine the effects of work-status dissimilarity on employees using social identity theory as our theoretical foundation. The basic premise of this theory is that individuals seek to maintain a positive social identity by a process of categorization (Tajfel & Turner, 1986; Turner, 1987). They place themselves and others into in-groups and out-groups using criteria that are salient in their particular context as bases for categorization (Brewer, 1979). Individuals’ social identity and self-esteem are enhanced when individuals compare their own in-group favorably relative to the out-group (Tajfel & Turner, 1986; Wagner, Lampen, & Syllwasczy, 1986).

Research on employment externalization shows that the distinction between internal and temporary workers is salient to employees (Geary, 1992; Smith, 1994), and therefore, employees may categorize themselves and others into in-groups and out-groups along this dimension. In work groups where members either are all internal workers or are all temporary workers, categorization may be facilitated because peers who are perceived to be part of the in-group because they are members of the same work group may also be perceived as part of the in-group due to their work-status similarity to the focal employee. It is harder for employees in relatively diverse work groups to differentiate clearly between in-groups and out-groups (Messick & Mackie, 1989; Schneider, 1987). Thus, it is harder to make these categorizations and thereby enhance social identity and self-esteem when employees work in groups where they are more dissimilar to their peers in terms of work status. In other words, work-status dissimilarity may be associated with a less positive social identity and lower self-esteem.

**Combined Effect of Work Status Dissimilarity and Prestige**

Although the above arguments suggest that being dissimilar from one’s colleagues in terms of work status may have a uniform negative effect on the social identity and self-esteem of all members of a work group, a closer examination of social identity theory suggests a more asymmetrical effect. When people are categorized along any given dimension, the resulting categories are likely to differ in terms of their relative prestige or status (Hogg & Abrams, 1988). Those in higher prestige categories are more likely to be invested in maintaining a separation between in-groups and out-groups along that dimension than those who fall into lower prestige categories. This is because those in higher prestige categories
may enhance their social identity to a greater extent through such categorization than will those in lower prestige categories (Tajfel & Turner, 1986). Therefore, working in a group with dissimilar others will have a greater negative impact on the social identity and self-esteem of members of higher prestige categories than those of members of lower prestige categories (Chattopadhyay, 1999; Tsui et al., 1992).

Because temporary work is associated with jobs that are low in technical and informational complexity (Davis-Blake & Uzzi, 1993) and with workers who are deskilled and peripheral (Colclough & Tolbert, 1990; Heckscher, 1988; Tilly, 1992), temporary workers are likely to be accorded lower prestige in organizations than are internal workers (Feldman, Doerpinghaus, & Turnley, 1994). Thus, work-status dissimilarity is more likely to negatively influence the social identity and self-esteem of internal employees than those of temporary employees. Furthermore, Tajfel and Turner (1986) argued that individuals of lower prestige may attempt to enhance their prestige, and their associated social identity and self-esteem, on an individual basis through association with a more prestigious category. Temporary employees may thus gain prestige through working with internal workers. This may ameliorate the negative influence of dissimilarity on their social identity and self-esteem. In effect, work-status dissimilarity is likely to influence internal workers more negatively than it will temporary workers.

**Combined Effect of Work-Status Dissimilarity, Prestige, and Numerical Majority**

In-group biases increase as the salience of group boundaries increases (Mullen, Brown, & Smith, 1992). The salience of group boundaries tends to be heightened for individuals who are in the numerical minority in comparison with the majority, because the numerical minority is seen as a more distinct category than the majority, which is seen as a relatively diffused category. This heightened salience of group boundaries is particularly likely for members of the high-prestige category, who feel a threat to their position from the numerically larger low-prestige category (Sachdev & Bourhis, 1991; Terry & Callan, 1998). Furthermore, these authors specifically pointed out that it is not the magnitude of the numerical majority, but the mere fact that one category is in a majority, that triggers this effect. These arguments were supported by a meta-analysis of 137 studies conducted by Mullen et al. (1992).

In combination with earlier arguments regarding dissimilarity and prestige, this suggests that in-group bias, and the consequent negative effects of working with dissimilar out-group members, is likely to be most accentuated for high-status individuals who are in the numerical minority in work groups that are dominated by low-status individuals. In terms of work-status dissimilarity, this translates to the argument that internal workers who are members of work groups dominated by temporary workers (i.e., where they, the internal workers, form the minority) are more likely to be negatively affected with regard to their social identity and self-esteem by work-status dissimilarity than are (a) internal workers in groups dominated by internal workers, (b) temporary workers in groups dominated by temporary workers, or (c) temporary workers in groups dominated by internal workers.

In summary, our social-identity-theory-based arguments suggest that (a) work-status dissimilarity will have a negative effect on the social identity and self-esteem of all employees; (b) this effect will be more negative for internal workers than for temporary workers; and (c) this effect will be accentuated further for internal workers who work in temporary worker-dominated groups, who will consequently be worse affected than all other workers.

**Hypotheses**

Those aspects of an individual’s self-image that are strongly related to a particular dimension of comparison are more likely to be influenced through making intergroup comparisons with regard to that dimension (Wagner et al., 1986). Because internal workers are differentiated from temporary workers on the basis of skill, centrality, and prestige (Colclough & Tolbert, 1990; Feldman et al., 1994; Heckscher, 1988; Tilly, 1992), those aspects of internal workers’ self-image or social identity are likely to be enhanced when they can make clear intergroup comparisons, with temporary workers categorized as the out-group. When work-status dissimilarity makes such comparisons difficult for employees, it will negatively influence their self-image with regard to the extent to which they are valued for their skills and their contribution to the organization. Because OBSE is that part of an individual’s self-esteem that is based on whether the employee feels valued in their organization (Fierce et al., 1989), it is likely to be undermined when work-status dissimilarity negatively influences an employee’s sense of skill, centrality, and prestige.

Individuals are attracted to groups that facilitate the building and maintenance of a positive social identity (Kramer, 1991; Tajfel & Turner, 1986). When group membership negatively influences an employee’s social identity, this is likely to be reflected in his or her attraction toward fellow group members. It was argued earlier that work-status dissimilarity is likely to have a negative influence on the social identity of employees, particularly for internal workers who are working in temporary worker-dominated groups. Combining the above arguments, we suggest that the relationship between work-status dissimilarity and the attraction that employees feel toward their peers is likely to follow a similar pattern.

Employees tend to trust peers who are classified as in-group members more than those who are classified as out-group members (Brewer & Silver, 1978; Dion, 1973). On the basis of our above arguments, we suggest that work-status dissimilarity will have a negative influence on the trust of employees toward their peers, particularly in the case of internal workers who are members of temporary worker-dominated groups.

Tajfel (1987) argued that “when social identity in terms of group membership is unsatisfactory, members will attempt to leave that group (psychologically or in reality)” (p. 30). Tsui et al. (1992) argued that because leaving an organization physically is not an option that is readily available to many employees, they might choose to withdraw psychologically from their groups in response to their dissimilarity to other group members. Their results support the idea that dissimilarity with work-group members can lead employees to have a low level of attachment to their group, leading to behaviors such as absenteeism as a manifestation of their psychological withdrawal. Altruism may be described as a contribution made by employees toward their work group, specifically aimed at aiding their peers over and above the call of duty, for
which there is no concrete and immediate reward and which, in the aggregate, leads to positive outcomes for the group (Organ, 1988). Employees may engage in lower levels of altruism if they have withdrawn psychologically from their work group, as the discretionary nature of this behavior allows them to express their attitudes in this context. Because work-status dissimilarity is likely to negatively influence employees' social identity and cause psychological withdrawal from their groups, particularly for internal workers in temporary worker-dominated groups, the relationship between work-status dissimilarity and altruism may follow the same pattern.

In combination, the above arguments lead us to hypothesize that work-status dissimilarity will negatively influence employee OBSE (Hypothesis 1a), trust (Hypothesis 2a), attraction (Hypothesis 3a), and altruism (Hypothesis 4a) toward their peers; these effects are likely to be more negative for internal workers than for temporary workers (Hypotheses 1b, 2b, 3b, and 4b), particularly when internal workers work in temporary worker-dominated groups (Hypotheses 1c, 2c, 3c, and 4c).

The above hypotheses were tested with data from two organizations. We include organization as a control variable because differences across organizations may be associated with variance in the outcome variables that distort or diminish the hypothesized relationships. Employee perceptions regarding the manner in which supervisors interpret and implement organizational procedures (interactional justice) are likely to create an environment of trust (Bies, Martin, & Brockner, 1993). Because this perception could influence our dependent variables (Bies et al., 1993; Moorman, 1991), we control for interactional justice in our models. Task interdependence has been shown to create feelings of responsibility in employees toward their peers and thus influence their extrarole behavior (Pearce & Gregersen, 1991). Because it may affect extrarole behaviors, and trust and attraction among coworkers, we include task interdependence as a control variable. Work group size is included as a control variable because it may affect the extent to which members communicate with one another (Zenger & Lawrence, 1989) and, thus, influence trust and attraction between coworkers and citizenship behaviors.

We include age, gender, and race as control variables because each of these demographic characteristics may have an impact on employee attitudes toward the organization (Tsui et al., 1992). An individual's tenure within the work group is controlled for because it may influence relations between coworkers and whether employees interpret various job-related behaviors as in role or extra-role (Morrison, 1994). Finally, previous research has suggested that greater proportions of women and minority employees are hired on as temporary workers, whereas internal jobs tend to be filled by a greater proportion of White men (Colclough & Tolbert, 1990). If this is true in our sample, then our measure of the influence of work-status dissimilarity on the outcome variables may be confounded with the corresponding effects of race and sex dissimilarity. Therefore, we include race dissimilarity and sex dissimilarity as control variables.

Method

Sample

Two organizations participated in the study. Data were obtained through randomly selecting multiple work groups from each organization and then surveying all the members of these work groups. In both organizations, surveys were administered to respondents gathered at a central location. The respondents were assured of complete confidentiality.

Respondents belonged to either a Fortune 500 firm or a medium-sized firm. Both firms were involved in the computer hardware manufacturing industry. Out of 361 potential respondents, 326 employees belonging to 34 work groups completed usable surveys, for a response rate of 90%. Of the respondents, 189 (58%) were internal workers, and 137 (42%) were temporary workers (neither firm had immediate plans of absorbing the temporary workers into the regular workforce). There were 168 (52%) male and 158 (48%) female respondents, with a mean organizational tenure of 2 years and 10 months and a mean tenure within the current job of 2 years and 1 month. Respondents included machine operators, technicians, quality control inspectors, clerks, maintenance personnel, and systems analysts, with temporary and internal workers being distributed evenly throughout these job categories. All were nonunion employees.

Measures

Dependent variables. Measures of OBSE, trust, attraction, and altruism were obtained from employees through the survey questionnaire. We used Pierce et al.'s (1989) six-item OBSE scale. We adapted McAllister's (1995) scale on trust in peers and Wayne and Liden's (1995) scale to measure attraction toward peers. A 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used for each of these items.

The use of self-reports for collecting data on altruism has been criticized on the grounds that a spurious correlation between independent and dependent variables may be obtained when these data are collected using the same instrument (Moorman, 1991; Organ, 1988). Because the independent variables in this study are constructed from objective data, this is not a problem here. Another potential problem with the use of self-reports is that respondents may wish to appear as good citizens, so that altruism scores are clustered around the positive end of the scale (Organ, 1988). This, too, does not seem to be a problem here because the mean and standard deviation scores for altruism (reported in Table 2) are consistent with supervisor-reported scores in previous studies (cf. Moorman, 1991, 1993; Organ & Konovsky, 1989; Wayne, Shore, & Liden, 1997). Therefore, self-reports of altruism are used in this study.

In addition to the altruism items from the Podsakoff, MacKenzie, Moorman, and Fetter (1990) scale, six items were identified based on on-site interviews as ways in which employees may help their peers. These items deal with ways in which employees can aid their peers in terms of offering emotional and task-related support. For all these items, data were collected using a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree), where respondents indicated the extent to which they engaged in a particular behavior.

Work-status dissimilarity. Human resources managers provided a list of employees, indicating their work status. Temporary workers were employees who had fixed-term contracts that typically lasted less than 6 months. These workers were brought in to supplement the internal workers in handling peak workloads. All employees who worked full-time, on-site, and did not have a limited time contract were designated internal workers. Work-status dissimilarity was calculated using Tsui et al.'s (1992) dissimilarity formula. An employee was assigned a score of 0 for every coworker having the same work status and a score of 1 for every coworker with a different work status. These scores were then summed up and divided by the number of employees in the group, and the square root was taken, to provide the dissimilarity score. Thus, employees with larger scores were more dissimilar from their coworkers in terms of work status. Work-status dissimilarity scores ranged from 0 to .99. Work groups were designated as being dominated by internal or temporary workers when more than half of the group's members belonged to that category. There were no groups identified with a tie between two categories. There were 136 respondents in temporary-worker-dominated groups and 190 respondents in internal-worker-dominated groups.
Control variables. Task interdependence was measured by a seven-item scale developed by Pearce and Gregersen (1991). Interactional justice was measured by a six-item scale developed by Moorman (1991). A 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used for each of these items. Data on work-group size were obtained from organization records. Data on demographic characteristics, including job tenure, age, race, and sex were obtained from employees through the survey instrument. Race dissimilarity and sex dissimilarity were calculated using the same formula as used in the case of work-status dissimilarity. Organization membership was represented as a dummy variable coded 0 if the employee belonged to the first organization and 1 if the employee belonged to the second organization.

Results

Factor Analysis

A confirmatory factor analysis of the four dependent variables was conducted. Fit statistics indicated that a four-factor solution provided the best fit (comparative fit index = .94, normed fit index = .91, non-normed fit index = .94). Item reliabilities for these four scales and the control variables ranged between .73 and .95. These values and the correlations between all our variables are presented in Table 1.

Test of Hypotheses

Our arguments regarding the asymmetrical influence of work-status dissimilarity on the various outcomes studied here were based on anecdotal evidence (cf. Feldman et al., 1994) that temporary workers are accorded lower status or prestige in the workplace than internal workers. To verify this idea, we tested whether the mean job-related prestige reported by internal workers was greater than the mean job-related prestige reported by temporary workers. Prestige was measured with two items, using a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree) where respondents indicated the extent to which they worked in prestigious jobs (α = .86). A t test comparing temporary and internal workers regarding their perceptions of the prestige of their jobs indicated that temporary workers believed their jobs were of lower prestige than did internal workers (Ms = 3.89 and 4.27, F(1, 324) = 1.95, p < .05, thus supporting our premise.

Hypotheses 1a through 4c were tested using regression analysis, as presented in Table 2. Hypotheses 1a, 2a, 3a, and 4a suggested that work-status dissimilarity would have a negative influence on the OBSE, attraction, trust, and altruism of employees. This was tested through regressing work-status dissimilarity, along with all other variables, on each of the dependent variables, using the full sample. As shown for the full sample, work-status dissimilarity did not influence any of these variables. Thus, Hypotheses 1a, 2a, 3a, and 4a were not supported.

Hypotheses 1b, 2b, 3b, and 4b suggested that the negative influence of work-status dissimilarity on the four dependent variables would be stronger for internal than for temporary employees. This was tested by first regressing the interaction term between work status and work-status dissimilarity, along with all other variables, on each of the dependent variables, using the full sample. The interaction term was significant for only attraction. The form of the interaction term was investigated, as advocated by Jaccard, Turrisi, and Wan (1990), by examining the nature and significance of the slope of the relationship between work-status dissimilarity and attraction, at the two values taken on by work status (work status = 0 for internal workers, 1 for temporary workers). This analysis showed, contrary to our arguments, that work-status dissimilarity had a positive influence on attraction for internal workers (β = .19, p < .05) but did not influence the attraction of temporary workers (β = —.02, ns). Thus, Hypotheses 1b, 2b, 3b, and 4b were not supported. Given that only one among the four interaction terms was found to be significant, and that too not in the hypothesized direction, it may have occurred due to chance and is not discussed any further.

Hypotheses 1c, 2c, 3c, and 4c suggested that work-status dissimilarity had a greater likelihood of negatively influencing OBSE, attraction, trust, and altruism of internal workers assigned to

Table 1
Correlations and Interitem Reliabilities (N = 326)

| Variable               | M    | SD   | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    | 13    | 14    | 15    | 16    |
|-----------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| OBSE                  | 4.99 | 1.23 | .85   |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Attraction            | 5.05 | 1.27 | .79   |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Trust                 | 4.64 | 1.21 | .52   | .55   |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Altruism              | 5.26 | 1.08 | .38   | .28   |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Age                   | 31.12| 11.03| .16   | —.14  | .03   | .05   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Sex                   | 0.52 | 0.50 | .10   | —.03  | .08   | —.06  | —     |       |       |       |       |       |       |       |       |       |       |       |       |
| Sex dissimilarity     | 0.28 | 0.54 | —.02  | —.02  | —.16  | .01   | .29   | .28   |       |       |       |       |       |       |       |       |       |       |       |
| Race                  | 0.48 | 0.48 | .02   | —.08  | .01   | —.07  | —.05  | —.04  | —.08  |       |       |       |       |       |       |       |       |       |       |
| Race dissimilarity    | 0.08 | 0.78 | —.05  | .09   | —.07  | .01   | —.08  | .06   | .23   | —.68  | —     |       |       |       |       |       |       |       |       |
| Job tenure            | 2.08 | 3.66 | —.08  | —.08  | —.03  | .03   | .00   | .06   | .11   | —.10  | .06   | —     |       |       |       |       |       |       |       |
| Organization          | 0.19 | 0.40 | .15   | .04   | .02   | .07   | .80   | .07   | .29   | .07   | .05   | .00   | —     |       |       |       |       |       |       |
| Work-group size       | 10.62| 6.55 | .00   | .03   | —.08  | .04   | .50   | .17   | .32   | —.03  | .07   | —.11  | —.51  | —     |       |       |       |       |       |
| Interactional justice | 5.15 | 1.44 | .49   | .33   | .39   | .23   | .06   | .03   | .01   | .00   | —.13  | .04   | .02   | (.95) |       |       |       |       |       |
| Task interdependence  | 5.15 | 1.01 | .49   | .34   | .34   | .36   | .10   | .08   | .03   | .09   | —.05  | —.19  | .10   | .07   | .29   | (.74) |       |       |       |
| Work status           | 0.42 | 0.49 | —.12  | .01   | .03   | —.07  | —.40  | .05   | .08   | .05   | .01   | —.33  | .41   | .36   | .06   | —.12  | —     |       |       |
| Work-status dissimilarity | 0.58 | 0.26 | —.08  | .07   | —.04  | —.03  | —.76  | .05   | .33   | .02   | .14   | .01   | —.70  | .48   | .02   | —.03  | .31   |       |       |

Note. All correlations greater than .11 are significant at p < .05. Numbers in parentheses along the diagonal indicate interitem reliabilities. OBSE = organization-based self-esteem. A = In years. b = female, 1 = male. c = minority, 1 = White. d = nonmember, 1 = member. e = 0 = internal, 1 = temporary.
temporarily.”

To test these hypotheses, we divided the sample into subsamples of temporary- and internal-worker-dominated work groups on the basis of whether workers of either work status formed a numerical majority in a given work group. Following this, each of the outcome variables was regressed on all the independent and control variables in both subsamples. The interaction term between work status and work-status dissimilarity was shown to be significant in the case of temporary-worker-dominated groups, work-status dissimilarity negatively influenced OBSE, attraction, trust, and altruism for temporary workers. This provides a reason for why internal workers may be more likely than temporary workers in temporary-worker-dominated groups to have lower OBSE, attraction, trust, and altruism.

**Table 2**

Regression Results for Impact of Use of Temporary Workers on OBSE, Peer Relations, and Altruism in the Full Sample, Internal-Worker-Dominated Groups, and Temporary-Worker-Dominated Groups

<table>
<thead>
<tr>
<th>Variable</th>
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<th>Internal-worker-dominated</th>
<th>Temporary-worker-dominated</th>
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<td>Control</td>
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<tr>
<td>Total adjusted (R^2)</td>
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<td>.21***</td>
<td>.23***</td>
</tr>
</tbody>
</table>

**Note.** Standardized beta coefficients are reported. OBSE = organization-based self-esteem; WS = work status; WSD = work-status dissimilarity.

- \( n = 190. \)
- \( \alpha = .05. \)
- \( \alpha = .01. \)
- \( \alpha = .001. \)
- \( \alpha = .0001. \)
- \( \alpha = .00001. \)

\( * \) In years.

Discussion

Researchers such as Tsui et al. (1992) have shown that dissimilarity among employees and their work-group peers in terms of demographic characteristics such as sex and race can have negative consequences for employee attitudes and behaviors. This article extends this stream of research to examine similar dynamics between internal and temporary employees.

In keeping with anecdotal reports (cf. Feldman et al., 1994), internal workers were shown to perceive that their jobs have a higher level of prestige than do temporary workers. This provides a reason for why internal workers may be more likely than temp-
porary workers to build a positive social identity through categorization on employee work status. A consequence is that the social identity, and therefore the OBSE, trust, attraction, and altruism, of internal workers, as compared with those of temporary workers, is likely to be more negatively influenced by work-status dissimilarity, specifically when this categorization dimension is made salient in work groups where temporary workers are in the numerical majority. This result is consistent with social identity theory and mirrors the work of Chattopadhyay (1999), who found that White male employees working in groups where they were in the minority were most negatively influenced by race and sex dissimilarity.

The lack of a main effect for work-status dissimilarity and its interaction with work status, when compared with significant similar effects for race and sex dissimilarity reported by relational demographers such as Tsui et al. (1992), suggests that work status may not be as salient a categorization dimension as race and sex. This may vary by organization or by industry, depending on perceptions regarding work externalization in each case.

The effects predicted from social identity theory regarding work-status dissimilarity are found only for high-prestige internal employees for whom work status is salient due to their being in the numerical minority. Internal workers can apparently cope with the negative effects of work-status dissimilarity when they remain in the majority, whereas temporary workers are not influenced by work-status dissimilarity under any condition, with regard to any of the dependent variables. The latter is consistent with Tajfel and Turner's (1986) suggestion that individuals belonging to a low-prestige category (e.g., temporary workers), who do not derive a positive social identity from a particular group membership, may ignore that categorization and focus on others that do result in a positive social identity. It may also be that temporary workers become more adept at coping with situations where they work with dissimilar others, because they expect to do so. Alternately, the prestige associated with working alongside internal employees may offset the negative impact of working with dissimilar others. Although we did not predict such an effect, our data show that temporary workers have lower scores on OBSE, trust, and attraction than internal workers in temporary-worker-dominated groups, whereas there is no parallel effect in internal-worker-dominated groups. It appears that the attitudes and behaviors of temporary workers may be less positive than those of internal workers due to the low prestige conferred on the former, especially when this is exacerbated by their membership in low-prestige temporary-worker-dominated groups. These differences may disappear when a temporary worker is a member of a higher status internal-worker-dominated group.

Limitations and Directions for Future Research

In this study, the dependent variables were all self-reports of behaviors and attitudes. Future research may examine whether there are behavioral indicators, such as supervisory reports of altruism or patterns of absenteeism and turnover, of the outcomes reported here, which are affected by work-status dissimilarity in a manner consistent with social identity theory.

The sample used in this study was a convenience sample of two organizations from the computer-hardware industry. The nonrandom nature of organization selection, and the fact that the study is restricted to one industry, casts some doubt on the generalizability of the results. Moreover, because this was a cross-sectional study, it is not possible to conclusively establish causality. Longitudinal studies may be used to extend this line of research.

Conclusion

This study examined the influence of work-status dissimilarity on employee OBSE, altruism, and their trust and attraction toward their work-group peers. In keeping with social identity theory, internal workers in temporary-worker-dominated groups were negatively influenced by work-status dissimilarity with regard to all these outcomes. However, work-status dissimilarity did not similarly influence temporary workers or internal workers in internal-worker-dominated groups. These findings parallel earlier research on relational demography and suggest that work status is a salient characteristic for categorization purposes in an organizational context, similar to demographic characteristics such as gender and race.

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