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## **Investigating the Employer of Choice Concept: Hype or Help?**

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# Investigating the Employer of Choice Concept

Hype or Help?

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# Overview

*Employer of Choice: marketing fad or legitimate concept?*

- ◆ Given the faddish nature of the concept and its lack of empirical evaluation, this study attempts to empirically evaluate the employer of choice (EoC) concept in order to provide evidence of the concept's viability or merit.

# Marketing hype?

*Most definitions of EoC are lacking.*

- ◆ EoC definitions are often circular and outcome based (e.g., My company is an EoC because of lower turnover and we have low turnover because we are an EoC.).
- ◆ Many articles present EoC as a self-explanatory concept.
- ◆ Few formal definitions of EoC exist.
  - Clarke (2001): An organization that “outperforms its competitors in attraction, development, and retention of people.” (p. 21)
  - Branham (2001): Organizations characterized by “cultures of commitment” and “strong retention practices” are employers of choice.
- ◆ The majority of articles on EoC are descriptive and anecdotal or prescriptive in nature. Empirical studies are non-existent.

# Legitimate concept?

*EoC can be readily defined and measured using an attitudinal, concurrent approach.*

- ◆ Since it is the employees who chose to work for the employer, and hence, make that organization their employer of choice, employee attitudes might be used to determine EoC status.
- ◆ Additionally, the organizational culture and climate characteristics related to whether an employee views her organization as an EoC could be assessed.
- ◆ Management could use information from EoC measures and related policy capturing to improve human resource processes, like retention and recruitment.

# Research questions 1 - 4

- ◆ Q1: Can a practical facet measure of EoC be developed and used?
- ◆ Q2: How does the facet measure of EoC relate to the global measure?
- ◆ Q3: How does the EoC concept relate to satisfaction with benefits, performance management process, managerial involvement in performance management, and employee development opportunities?
- ◆ Q4: Are these satisfaction levels predictive of EoC perceptions for a given organization?

# Research questions 5 - 7

- ◆ Q5: Are the various levels of the four satisfaction measures differentially predictive of the global versus facet EoC scales?
- ◆ Q6: How much variance in the global EoC measure is accounted for by the facet scale?
- ◆ Q7: Are particular work attributes more important of individuals who perceive their organization as an employer of choice, versus those who do not?

# Methodology

## ◆ Participants

- Employees of a small, private women's college in the Southeastern United States.
- N=95 (55% response rate)

## ◆ Procedure and Instrument

- Data was collected via paper-based (N=17) and web-based (N= 78) surveys.
- Full-time employees were asked to complete 106 questions and part-time employees were asked to complete 90 questions.
- Dimensions included: Facet EoC, Global EoC, Satisfaction with Benefits, Satisfaction with Performance Management Process, Satisfaction with Manager's Involvement in Performance Management, and Satisfaction with Employee Development Opportunities.

# Methodology

## ◆ Global Scale:

- Organization is an employer of choice (within industry)
- Organization is an employer of choice (within region)

## ◆ Facet Scale:

- Mission and strategy are clearly communicated
- Mission and strategy relate to my position
- Benefits offered meet personal needs
- Effective implementation of strategy
- HR policies and practices are aligned with mission and goals
- Individual work goals are aligned mission and goals
- Benefits are competitive with other institutions

# Results Q1 – Q3

## *Means, Standard Deviations, and Zero-order Correlations*

|  |           |       |       |       |       |       |     |
|--|-----------|-------|-------|-------|-------|-------|-----|
| Facet Employer of Choice                 | (.83)     |       |       |       |       |       |     |
| Global Employer of Choice                | .67       | (.91) |       |       |       |       |     |
| Satisfaction with Benefits               | .54       | .34   | (.85) |       |       |       |     |
| Satisfaction with PM Process             | .55       | .61   | .34   | (.92) |       |       |     |
| Satisfaction with Mgr. Involvement in PM | .52       | .52   | .37   | .76   | (.90) |       |     |
| Satisfaction with Employee Development   | .54       | .46   | .49   | .66   | .59   | (.81) |     |
|  | <i>M</i>  | 3.7   | 2.99  | 3.6   | 3.3   | 3.8   | 3.2 |
|  | <i>SD</i> | .66   | 1.1   | .39   | .86   | .90   | .69 |

*Note.* All correlations are significant ( $p < .01$ ). Scale alphas are shown on the diagonal in parentheses.

- ◆ Facet EoC scale was found to have a acceptable coefficient alpha (.83) suggesting that a facet measure of EoC can be developed.
- ◆ The correlation between the global and facet EoC scales was found to be stronger than correlations between either EoC scale and the satisfaction scales.
- ◆ Global and facet EoC scales were found to significantly correlate with measures of satisfaction.

# Results Q4 & Q5

*Simultaneous Regression Analysis for Variables Predicting Facet Employer of Choice*

| Variable                                 | <i>B</i> | <i>SE B</i> | $\beta$ |
|--|----------|-------------|---------|
| Satisfaction with Benefits               | .58**    | .15         | .34     |
| Satisfaction with PM Process             | .20*     | .10         | .26     |
| Satisfaction with Mgr. Involvement in PM | .09      | .09         | .12     |
| Satisfaction with Employee Development   | .13      | .11         | .13     |

Note.  $R^2 = .462$ .

\* $p < .05$ . \*\* $p < .01$ .

*Simultaneous Regression Analysis for Variables Predicting Global Employer of Choice*

| Variable                                 | <i>B</i> | <i>SE B</i> | $\beta$ |
|--|----------|-------------|---------|
| Satisfaction with Benefits               | .37      | .26         | .14     |
| Satisfaction with PM Process             | .62**    | .17         | .49     |
| Satisfaction with Mgr. Involvement in PM | .10      | .15         | .09     |
| Satisfaction with Employee Development   | .03      | .19         | .02     |

Note.  $R^2 = .40$ .

\*\* $p < .01$ .

- ◆ The four satisfaction measures accounted for a moderate amount of variance in both EoC measures.
- ◆ Satisfaction with Performance Management was the only scale to account for a significant amount of variance in both EoC measures.
- ◆ Satisfaction with Benefits was the single largest predictor of the facet measure but was not significant for the global measure.

# Results Q6

- ◆ When we regressed the global EoC scale onto the facet EoC scale, the facet scale explained 45% of the variance in the global scale ( $F [1, 94] = 77.09, p < .0001$ ).
- ◆ Given these results along with the correlation between the scales ( $r = .67, p < .01$ ), the global and facet EoC scales appear to tap into slightly different EoC concepts.
- ◆ Given the regression results, the overlapping variance might be attributed primarily to Satisfaction with Performance Management.

# Results Q7

- ◆ The participants were divided into High ( $n = 23$ ) and Low ( $n = 22$ ) EoC groups based on their facet EoC scale scores.
- ◆ Frequency analysis identified work attributes that differentiated individuals across the two groups. See the next slide.
  - Attributes that most differentiated between groups: Current leadership, Geographic location, Base compensation, Feeling of accomplishment, and Position
  - The groups also differed in the attributes they rated as important in job decisions.

# *Q7: Importance of Work Attributes for Low vs. High EoC Scale Groups*

| Attribute                     | Low EoC | High EoC | Difference | Direction |
|-------------------------------|---------|----------|------------|-----------|
| Base compensation             | 36.4    | 4.4      | 32.0       | -         |
| Benefits                      | 27.3    | 39.1     | 11.9       | +         |
| Co-workers                    | 59.1    | 39.1     | 20.0       | -         |
| Current leadership            | 4.6     | 52.2     | 47.6       | +         |
| Customers                     | 50.0    | 39.1     | 10.9       | -         |
| Feeling of accomplishment     | 22.7    | 52.2     | 29.4       | +         |
| Geographic location           | 54.6    | 21.7     | 32.8       | -         |
| Job stability                 | 22.7    | 13.0     | 9.7        | -         |
| Lack of alternatives          | 9.1     | 0.0      | 9.1        | -         |
| Level of autonomy             | 63.6    | 43.5     | 20.2       | -         |
| Mission/values                | 13.6    | 34.8     | 21.1       | +         |
| Opportunities for advancement | 18.2    | 4.4      | 13.8       | -         |
| Position                      | 22.7    | 52.2     | 29.4       | +         |
| Spouses' career               | 18.2    | 8.7      | 9.5        | -         |
| Work environment              | 50.0    | 69.6     | 19.6       | +         |
| Work-Life balance             | 27.3    | 21.7     | 5.5        | -         |

*Note.* Column entries are percentages of individuals rating attribute as one of top five reasons for choosing organization. Groups formed on first and fourth quartiles of EoC scale score. Differences are absolute values. “+” represents more importance given by the High EoC group.

# Discussion

*EoC, as defined and operationalized in the present study, can be measured and differentiated from other survey constructs both as a facet and a global measure.*

- ◆ Attitudinal measures can be used to study EoC.
- ◆ EoC relates to other organizational measures and may be a practical source of information for developing organizational programs, process, or policies—especially when policy capturing methods are utilized.
- ◆ An EoC scale utilized as part of an organization's surveying program could provide a benchmark for gauging the implications of retention interventions.

# Suggested future research

- ◆ Develop a standard definition of and scale for EoC.
- ◆ Using a standard measure, study EoC across organizations. Or, is EoC best operationalized as a locally-defined construct?
- ◆ Study the relationship between different operationalizations of EoC.
- ◆ Study the relationship between EoC and other relevant organizational variables.
- ◆ How is EoC related to satisfaction, organizational commitment, and perceived organizational support? Does EoC have merit beyond these more “tradition” organizational measures?
- ◆ Conduct a latent-level analysis of construct validity, dimensionality, and latent relationships with other constructs.
- ◆ Study the validity and usefulness of the EoC in organizations.

# Study limitations

- ◆ Due to the exploratory nature of the study:
  - Small sample size limited the analysis.
  - Results may not generalize to other populations.
  - Concurrent design was used.
  - Related attitudes as intention to leave were not studied.
  - Attitudinal EoC was not related to outcome measures touted in the practitioner literature, like retention and recruitment metrics.
  - Other constructs, like job satisfaction or organization commitment, were not measured. EoC may substantially overlap with these more “traditional” measures.

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