THIRD PARTY EMPLOYMENT BRANDING:
HUMAN CAPITAL INFLOWS AND OUTFLOWS FOLLOWING
“BEST PLACES TO WORK” CERTIFICATIONS

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“Best Places to Work” (BPTW) and similar competitions are a proliferating form of third party employment branding. Little is known, however, about how single or repeated third party employment branding occurrences relate to key human capital outcomes. Extending signaling theory by considering signal credibility and comparability, we use archival and survey data from 624 BPTW participants in 16 competitions across a three-year period to develop and test hypotheses linking BPTW certifications to collective turnover rates and key informant perceptions of applicant pool quality. We find that certifications are associated with lower turnover rates, and in addition, propose competing crystallization and celebrity hypotheses that model turnover trajectories with repeated certifications, finding diminishing marginal turnover reductions across multiple certifications. We also examine company size and industry job opening moderators, finding that as certifications increase, applicant pool quality is: (1) higher in smaller companies, and (2) higher when job openings are scarcer. Finally, beyond being certified or not, we find supplemental evidence for effects of the specific certification level achieved (e.g., 2nd versus 15th). This investigation advances theory related to collective turnover, applicant pool quality, and employment branding, and is relevant to company decisions about seeking or re-seeking third party certifications.

Individual and organizational labor market participants routinely face two important behavior-shaping conditions: competition, whereby organizations compete to attract and retain individuals and individuals compete to obtain and maintain jobs; and uncertain decision making, whereby organizations and individuals select each other based on incomplete information. Signaling theory (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1973) describes how these two forces interact to create signaling systems evolving over time in response to organizational and individual behavior; how and why signals about unobservable characteristics are developed, sent, received, and interpreted; and how individual micro-oriented processes generate more macro-oriented trends and outcomes. We build on signaling theory to examine the effects of third party generated signals regarding organizations’ employment characteristics.

From a macro perspective, organizations are increasingly recognizing that they must strategically manage their human capital (e.g., Becker & Huselid, 2006; Rousseau, 1995; Ulrich, Younger, Brockbank, & Ulrich, 2012). Strategic human resource management theory suggests that clusters or systems of high-performance work practices increase employee abilities, motivation, and opportunities to perform, resulting in outcomes such as higher productivity, better customer service, positive attitudes, improved decision making, reduced turnover, and, ultimately, improved organizational performance (e.g., Combs, Liu, Hall, & Ketchen, 2006; Huselid, 1995; Jiang, Lepak, Hu, & Baer, 2012). Research in this area has largely focused on employee perceptions of and reactions to Human Resource (HR) systems.

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(e.g., Bowen & Ostroff, 2004; Piening, Baluch, & Salge, 2013). However, scholars have argued that “strong” HR systems in which practices exhibit distinctiveness, consistency, and consensus, while difficult for firms to create, can be even more difficult to change once in place (Bowen & Ostroff, 2004), and can take multiple years to affect distal organizational outcomes (Huselid & Becker, 1996). Thus, beyond the influence of HR systems, or changes to those systems over a multi-year period, others have suggested that firm reputation is a critical means of understanding sustained competitive advantage via the influence of high-performance HR practices on organizational performance (Barney, 2001; Zorn, Roper, & Richardson, 2014). Germane to reputation are employers’ efforts to brand themselves as more engaging, developmental, and employee-centered, and increased practical and scholarly attention has turned to employment branding efforts as a key consideration for increasing the knowledge people have about employers and for attracting and retaining talent (e.g., Cable & Turban, 2001; Collins & Kanar, 2014; Gardner, Erhardt, & Martin-Rios, 2011; Jones, Willness, & Madey, 2014).

The idea of employment branding draws from marketing theory on brand image to suggest that organizations can be associated with an employment brand consisting of individuals’ perceptions about what is distinctive, central, and enduring about the organization as a place to work. Gardner et al. (2011: 261) defined an employment brand as “names, terms, signs, symbols, or designs or a combination of them intended to identify the employment offering of one employer and to differentiate it from the offerings of competing employers,” and organizations put forth effort to create or alter these brand perceptions to convey a favorable value proposition to potential or current employees (e.g., Edwards, 2010; Lievens, 2007; Van Hoye, Bas, Cromheecke, & Lievens, 2012). In doing so, an employment brand may translate into brand equity by influencing decisions to apply for, accept, and remain with an organization’s job opportunities (Cable & Turban, 2001; Collins & Kanar, 2014).

Consistent with these ideas, organizations must question how they may best signal in the competitive marketplace that they are particularly attractive places in which to commence or continue employment relationships. Organizations draw from a portfolio of methods to self-promote and sustain their employment brand. For example, they might emphasize corporate culture initiatives or changes (e.g., Katzenbach, Steffen, & Kronley, 2012), such as work–life flexibility; or leverage consumer branding efforts by using social media to promote corporate social responsibility policies attractive to potential consumers and employees. However, rather than focusing on organizations’ self-branding efforts, we propose that signaling theory provides a broad foundation and theory-based account for how and why organizations use third party information to parlay strategic human capital investments into organizational performance outcomes by signaling their employment brand.

We examine in this paper the signaling effects of third party employment branding on human capital inflows to and outflows from organizations, defining it as organizations’ use of communications, claims, or status-based classifications generated by independent external parties to shape, enhance, and differentiate organizations’ images as favorable employers. We specifically examine formal third party branding in the form of certifications or other status-based awards or recognition, rather than informal word-of-mouth information (e.g., Van Hoye & Lievens, 2009). We focus on “Best Places to Work” (BPTW) as an evaluative certification bestowed on companies that demonstrate superlative employee relations practices. BPTW and similar programs have grown from fewer than 10 nationwide in the late 1990s to more than 100 in recent years (Burke, 2014). This reflects the growing number of third party sources making cross-organizational comparisons for consumers (e.g., yelp.com) and job seekers (e.g., glassdoor.com) more attainable than ever. Like those we examine, most employer certifications are conferred as a function of employee engagement and company HR practice assessments.

BPTW certifications have been shown to positively affect employee attitudes, applicant pool quality, and financial performance, but smaller samples have precluded adequate partialing of lagged outcomes (e.g., Collins & Han, 2004; Fulmer, Gerhart, & Scott, 2003). Performance has been compared across broadly defined peer groups (e.g., Standard & Poor’s; Lau & May, 1998), and little research has examined effects on company-provided human capital inflow and outflow data over a prolonged period. We investigate BPTW certification effects on firm level outcomes, including turnover rates and key informant perceptions of applicant pool quality, over a three-year period while controlling for lagged outcomes and a comprehensive set of HR practices that might otherwise affect these outcomes.

We intend to contribute to signaling theory and the employment branding literature in the following
ways. First, signaling theory focuses on systems comprising senders, receivers, and signals (Bangerter, Roulin, & Konig, 2012; Connelly et al., 2011). We build on this by recognizing that signaling systems sometimes incorporate third parties that transmit signals on the sender’s behalf. Second, signaling theory and employment branding research have tended to focus on attracting talent. For example, Chapman, Uggerslev, Carroll, Piasentin, and Jones (2005) summarized the effects of 27 studies linking organization image to applicant attraction. Much recruitment research has used the perspective that applicants face uncertain and incomplete information about jobs and work environments to argue that organizations invest in signaling their positive qualities as they compete with other organizations to attract applicants (Bangerter et al., 2012; Connelly et al., 2011; Jones et al., 2014; Rynes, 1991; Spence, 1973). We shift this focus to consider that current employees may also be signaling targets by examining turnover rates, an approach that potentially advances the burgeoning literature on collective turnover, or “aggregate levels of employee departures” (Hausknecht & Trevor, 2011: 353; see also, Heavey, Holwerda, & Hausknecht, 2013; Shaw, 2011). For example, while Hausknecht and Trevor’s (2011) model of collective turnover identifies various HR practices, collective employee attitudes, and collective business and environmental factors that may influence turnover rates, it does not address employer image or reputation. Heavey et al.’s (2013) meta-analysis of collective turnover antecedents comprises six broad predictor categories, none of which include employment branding concerns or effect sizes.

Third, we consider the effects of signaling while controlling for a host of HR practices that might otherwise affect turnover and applicant pool quality outcomes. This extends work that has found incremental effects of symbolic characteristics, which in our study pertain to third party certifications of the employment brand, beyond instrumental characteristics such as tangible benefits, training opportunities, or work-life policies (e.g., Lievens, 2007; Lievens & Highhouse, 2003). Fourth, we consider that signal interpretation may depend on certain contextual characteristics. Thus, we consider conceptual extensions to signaling theory as well as two potential moderators: company size in a sample of mostly small to medium companies, and job openings across a range of industries. These extensions build on recent work identifying how signals attract job seekers (Jones et al., 2014). Fifth, signaling theory explicitly describes signaling systems as dynamic (Connelly et al., 2011; Spence, 1973). We therefore consider the effects of repeated BPTW signals on turnover, investigating points at which effects might commence, and the sustainability of signals once they are sent (Rindova, Pollock, & Hayward, 2006). For example, we ask whether a single third party employment branding event relates to turnover, or whether only repeated employment branding signals relate to turnover.

Finally, we intend to make an important practical contribution regarding the true value of third party employment branding. Although companies are attracted to BPTW recognition for its obvious appeal and marketing benefits, and although third party organizers claim that companies will derive benefits, few rigorous empirical investigations have demonstrated the direction, strength, and validity of organizers’ claims (Roehling et al., 2005). Thus, companies entering competitions—or continuing to enter yearly—do so without clearly knowing whether they will derive benefits, whether repeated recognitions matter, or even whether recognition has potential downsides.

**THEORETICAL FOUNDATION AND HYPOTHESES DEVELOPMENT**

**Signaling Theory and Third Party Employment Branding**

Strategic HR theory and research demonstrate that HR practices and systems can relate to organizational performance outcomes (Combs et al., 2006). However, increasing attention has turned to “black box” explanations of how human capital investments translate to outcomes. One important realization has been that this translation likely depends in part on how employees and other constituents perceive and interpret such practices (Piening et al., 2013). Even if organizations strongly invest in high performance work practices, it is possible that these practices could be poorly or inconsistently implemented or constituents may perceive or value them differently than intended. Thus, a key issue is how organizations can effectively communicate to constituents the legitimacy of their human capital investments and practices, especially given that these attributes may not be directly observable.

Signaling theory describes how labor market participants gain information when that information is asymmetric and attributes are not directly observable (Connelly et al., 2011). Originally, signaling
theory focused on investments in signals that increase job seekers’ attractiveness, such as education and work experience (Spence, 1973). The system was seen as dynamic: if certain signals increase labor market success, more people will acquire the signals which will diminish their effectiveness. In turn, organizations will re-evaluate the utility of the signals. Seekers then acquire more of the signals, such as more education, or acquire alternative signals that further differentiate them in the marketplace. Repeated cycles generate signaling systems that organize the exchange of labor market information (Bangerter et al., 2012).

Subsequent recruitment research (e.g., Rynes, 1991) has used this perspective to argue that, like individuals, organizations also invest in acquiring and communicating signals to job seekers about unobservable characteristics. For example, organizations may signal their corporate social responsibility (Jones et al., 2014) as one of many appeals as they compete with other organizations to attract talent (Bangerter et al., 2012). A foundational aspect of our logic is that individual reactions to organizational signals, such as job seekers reacting to employment branding signals, collectively form organization-level outcomes such as applicant pool quality. This idea of individual-level behaviors leading to higher level patterns is consistent with the evolution of signaling systems described in signaling theory.

Despite the advances reviewed above, at least two important questions remain: Why would organizations turn to third parties to signal their attractiveness as employers; and does signaling theory apply to both job seekers and current employees? Gardner et al. (2011) propose that employment brands attempt to identify employment offerings and differentiate them from competitors. With respect to organizational motives for using third parties to signal employment brands, we propose at least two key features grounded in signaling theory and particular to third party signals such as BPTW certifications: credibility and comparability.

Credibility pertains to Gardner et al.’s (2011) identification aspect and regards the relative authenticity or legitimacy of third party generated information versus company generated claims. Key to signaling theory is that parties have at least partially misaligned goals and limited motivation to provide completely accurate information (Spence, 1973). Companies, for example, are motivated to emphasize positive rather than negative signals. Self-serving claims may have questionable veracity but will seem credible if they can be identified as honest, reliable, costly, or hard-to-fake (Bangerter et al., 2012; Connelly et al., 2011). Further, strategic HR research suggests that HR systems that create consensus and consistency regarding constituent interpretation are stronger and more effective (Bowen & Ostroff, 2004). External certifications signal consistency by implying that HR practices are systematic and enduring rather than transient or idiosyncratic. Thus, organizations may seek third party employment branding endorsements to communicate credible signals to job seekers or employees that the organization is a great place to work and is likely to remain so. Branding endorsements incur costs, such as time and resource investments, but the signals are seen as credible and stable because they are third party bestowed and largely outside organizational control.

Comparability pertains to Gardner et al.’s (2011) differentiation aspect; that is, whether third party generated information provides both absolute and relative metrics. If a company advertises that it is a great place to work or demonstrates this to current employees through branding initiatives, the company will certainly seem more appealing. However, these messages provide little information about the organization relative to other organizations. Individuals do not typically evaluate organizations in isolation, but rather in comparison with other potential employers; as Collins and Kanar (2014: 286) state, “brands need to be considered relative to their competition.” Indeed, strategic HR research on system strength also suggests that HR systems and practices that are distinctive are stronger and more effective (Bowen & Ostroff, 2004). Thus, effective signaling goes beyond merely signaling attractiveness; it requires positioning an organization relative to other organizations (Bangerter et al., 2012). Third party generated certifications indicate that companies are both good places to work and that they have superior relative standing compared with other companies that lack certification. The power of relative versus absolute comparisons is fundamental to broader scientific thought (e.g., Festinger, 1954; Merton, 1968); we argue that these dynamics are germane to third party generated signals.

With this foundation, and with respect to incumbents and job seekers, we consider the possible relationships of BPTW certifications with collective employee turnover rates and applicant pool quality. Of course, signal receivers have to interpret signals (Bangerter et al., 2012; Connelly et al., 2011). Even if a signal is verifiable and consistent, as in a BPTW certification, it may be received and interpreted differently based on the context in which it is received.
Reputation includes perceptions about the company as an employer. Sever (2005: 1033) and is to competitors an organization proves a company certifications can bring public recognition that im-
place to work. Specifically, intermediary-bestowed in persuading them that the organization is a great
ment branding endorsements may be more credible of internal branding efforts, but third party employ-
Kanar, 2014). Employees may doubt the credibility behaviors, beyond objective job attributes (Collins &
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working in the best of places. Employees form asso-
ciations among their organization as an employer brand, which then may influence their job-related
beyond objective job attributes (Collins & Kanar, 2014). Employees may doubt the credibility of internal branding efforts, but third party employment-branding endorsements may be more credible in persuading them that the organization is a great place to work. Specifically, intermediary-bestowed certifications can bring public recognition that improves a company’s reputation and increases public perceptions about the company as an employer. Reputation includes “stakeholders’ perceptions about an organization’s ability to create value relative to competitors” (Rindova, Williamson, Petkova, & Sever, 2005: 1033) and is “best understood as an intangible asset based on broad public recognition of the high quality of its capabilities and outputs” (Pfarrer, Pollock, & Rindova, 2010: 1133). Media cer-
tifications relate to organizational prominence (Rindova et al., 2005; see also, Graffin & Ward, 2010). In turn, prominence likely increases the attractiveness of working for and staying associated with a company.

Second, consistent with creating value relative to competitors (Rindova et al., 2005), third party branding information provides a standard of comparison incumbents can use to assess and compare their relative situation: employees may leave not only because they dislike their current situation, but also because they have more attractive alternatives (Griffeth, Steel, Allen, & Bryan, 2005). Employees who work for a certified BPTW company may be reluctant to consider moving to a non-certified company. Thus, relative assessments are more powerful than absolute assessments: for example, “my company treats employees better and offers more training than other companies” is more persuasive than “my company treats me well and provides training.”

When incumbents draw favorable and apparently credible comparisons, they are likely to feel more identified with their current employer. An identity perspective suggests that BPTW certifications may be associated with reduced turnover rates as individuals wish to identify and maintain their association with a “winning” company visibly and credibly burnished by reputational acclaim (Tajfel & Turner, 1979; see also, Cable & Turban, 2003). Individuals prefer to associate with organizations that have positive images because the association enhances social status and self-esteem (Collins & Kanar, 2014; Dutton, Dukerich, & Harquail, 1994; Gardner et al., 2011). BPTW recognition may also embed more employees in the organization (e.g., Mitchell, Holtom, Lee, Sablynski, & Erez, 2001) by reducing movement desirability (e.g., Heavey et al., 2013; March & Simon, 1958) and highlighting incurred sacrifices if they leave. Our comparability logic suggests that perceived sacrifices might become more salient as employees feel that they are unlikely to find a similar or better situation elsewhere. Leaving a BPTW organization might mean relinquishing a position at a prestigious organization and having to justify the decision to friends, family, or associates who might ask, “How will you ever find another company that treats its workers so well?” Thus, we expect BPTW certification signals to con-
strain individual turnover decisions, leading to re-
duced collective turnover rates.

Hypothesis 1. Third party employment brand-
ing, in the form of BPTW certifications, will be negatively associated with collective turnover rates.

We also propose that signal interpretation may depend on contextual characteristics such as organ-
ization size and the relative availability or scarcity of job opportunities. Signal receivers do not inter-
pret signals in isolation, but in the context of other relevant information. First, small/large company distinctions are important for studying company reputation effects (Rindova et al., 2005), and organ-
ization size may influence how incumbents interpret external third-party employment branding signals. One key signaling theory consideration is signal strength (Connelly et al., 2011). BPTW certi-
fication signals may be relatively stronger in smaller than in larger firms. Larger firms tend to already benefit from reputational advantages (e.g., Cable & Graham, 2000); thus, the marginal gain from
additional signaling may be smaller. It may also be the case that employees in smaller firms feel more ownership and identification with BPTW certifications. In smaller companies, certification signals are less diffused among employees. The signal feels more strongly focused or directed at them personally. Therefore, because it is an employment branding signal, it makes them feel they are better treated on average than if they received the signal but were among many other people who also received it (i.e., in a larger company). For example, employees might think, “I’m partly responsible for this award” or “I’m part of a select team that receives outstanding treatment working for this company relative to other companies. Although I have other options, I’d be foolish to leave.” Conversely, in larger companies, company-directed signals are more diluted across employees and therefore weaker and less personally relevant to any given employee. Also, because of larger-company resource and reputational advantages, employees of larger companies likely already benefit from social status and esteem associated with working for these organizations (Turban & Cable, 2003), reducing the marginal benefits of BPTW certifications on identity.

Hypothesis 2. The negative relationship between third party employment branding, in the form of BPTW certifications, and collective turnover rates will be moderated by firm size such that the relationship is weaker in larger firms and stronger in smaller firms.

In the context of evaluating the decision to maintain or leave a job, another important consideration is the existence and obtainability of employment alternatives (March & Simon, 1958; Swider, Boswell, & Zimmerman, 2011), and industry labor market conditions explain turnover rates (Griffeth et al., 2005). Based on our logic that BPTW certifications provide credible signals that the current employer is both a great place to work and better than non-certified alternatives, we suggest that the signaling effect of certification on turnover rates will be more pronounced when incumbents are motivated to make comparisons with external alternatives, i.e., when job openings are more plentiful. With more potential opportunities, turnover in general should be higher, and it thus becomes more important for organizations to signal the positive attributes offered to incumbents, particularly to the extent these attributes compare favorably with competitor offerings or would be forfeited by leaving. As job openings encourage individuals to make these alternative comparisons, signal receiver attention will be higher (Connelly et al., 2011); thus, being able to signal that the “grass may not be greener” elsewhere should enable certified organizations to better compete to retain talent. On the other hand, when alternatives are relatively scarce, incumbents are less likely to engage in active comparisons of current to alternative opportunities. Thus, although turnover in general is likely to be lower with scarcer job openings, signals about the relative favorability of employment offerings may be relatively less important with regard to explaining turnover rates.

Hypothesis 3. The negative relationship between third party employment branding, in the form of BPTW certifications, and collective turnover rates will be moderated by industry job openings such that the relationship is weaker when job openings are scarcer and stronger when job openings are more plentiful.

Repeated Signaling and Subsequent Turnover Rates

Positive publicity or endorsements have been shown to have monotonic, simple linear relationships with employment brand image (e.g., Collins & Stevens, 2002). However, many organizations repeatedly apply for BPTW certifications. This raises the unexamined question of whether subsequent certifications continue to consistently relate to turnover, or whether BPTW signal utility waxes or wanes over multiple occurrences. The question is theoretically important because signaling systems tend to adapt over time (Bangerter et al., 2012). For example, if all organizations were designated a BPTW, the signal would lose its value. Thus, organizations might logically inquire whether repeated signals continue to convey similar information.

One possibility, termed a crystallization effect, is that recurrent signaling increases confidence that the signal is credible. Thus, repeated signaling may be required for third party branding efforts to crystallize and translate into decreased collective turnover rates. This relates to the definition of reputation, which implies that perceived quality and prominence develop only with time and consistent demonstration of firm capability (Pfarrer et al., 2010; Rindova et al., 2005). Specifically, just as consumers “wait to see how legitimate a new brand is going to be” (e.g., GoogleGlass), employees might gradually develop stability attributions about employee-friendly policies (Nishii, Lepak, & Schneider, 2008;
Weiner, 1986), leading them to weigh BPTW signals more heavily when making employment decisions only after their company earns multiple certifications. For example, they might think, “this is our second certification in a row – our company must treat us better than our competitors treat their employees!” Without this consistency, however, employee identity and thus turnover will stay the same because employees may perceive whimsy or instability in changes to the employment brand.

**Hypothesis 4A. Turnover will be relatively higher with zero or one certifications, and relatively lower with repeated certifications.**

A second possibility, termed a celebrity effect, is that repeated transmissions dilute the relative utility of the signal. Novel third party employment branding likely communicates useful, impactful, and affect-laden signaling information about relative company comparability, but the signaling utility may diminish over repeated certifications. This is analogous to research regarding celebrity firms that benefit from positive portrayals: “those firms that attract a high level of public attention and generate positive emotional responses from stakeholder audiences” (Rindova et al., 2006: 51). Outside entities, such as the media, often confer celebrity status associated with organizational brand images (Rindova et al., 2006). Initial BPTW certification is likely to bring publicity about the actual announcement and subsequent marketing highlighting the earned accolade. Initial certification-based acclaim may be more likely to emotionally impact current employees. That is, an initial BPTW certification reflects a substantive change in the perception of the employment relationship. According to our comparability logic, it provides novel signals about the employee’s relationship with the employer and about how the relationship compares with other potential employment relationships. Rather than shift relationship perceptions, subsequent certifications only confirm them. Thus, repeated signaling of the same information loses novelty, emotional impact, and informational benefits.

**Hypothesis 4B. Turnover will be relatively higher with zero certifications, and relatively lower with one or more certifications.**

**Applicant Pool Quality Following Third Party Employment Branding**

In addition to retaining human capital, organizations must compete to attract an essential but limited resource: appropriately qualified employees (Carlson, Connerley, & Mecham, 2002). Along with economic incentives such as compensation and benefits, organizations can attract applicants by signaling reputation. Job seekers prefer firms with positive reputations because they associate such prestigious firms with social status and self-esteem (Cable & Graham, 2000; Cable & Turban, 2003; Jones et al., 2014). Previous research indicates that BPTW certifications are positively associated with applicant pool quality (e.g., Collins & Han, 2004; Turban & Cable, 2003 Study 1); however, these studies included less than 100 companies; neither controlled for ongoing people management practices or applicant pool quality levels prior to the certifications; and neither examined moderating influences of organization size or labor market conditions.

As with certification effects on collective turnover, we propose that BPTW certifications credibly signal to potential applicants that a certified company is comparatively attractive. However, whereas BPTW signals should uniformly increase the quantity of applications received, we propose alternative perspectives regarding the relationship between BPTW signals and applicant pool quality. First, a heuristic perspective suggests that BPTW certifications may act as cognitive cues or heuristics such that job seekers will be less discerning in evaluating suitability and fit with companies. Because job seeking requires the processing of abundant information, job seekers, being “cognitive misers” (Fiske & Taylor, 1984), will look for cognitive cues or shortcuts to reduce uncertainty and aid decision making (Rindova et al., 2005; Roselius, 1971). This reliance on heuristics may lead job seekers to apply largely based on their knowledge that companies are BPTWs. More substantive company information, such as information for assessing fit, is likely processed more peripherally, if at all. This may lead to substandard application decisions, lowering applicant pool quality among BPTW companies.

Conversely, a sorting perspective suggests that BPTW certifications enhance applicant pool quality for two reasons. First, certifications signal that companies are highly desirable employers that can make particularly selective hiring decisions. The literature details how job seekers, while striving to work for the best companies, also consider search utility. Given time and resource constraints, they realistically pursue opportunities with which they efficaciously believe they have a chance (Kanfer, Wanberg, & Kantrowitz, 2001; Schwab, Rynes, & Aldag, 1987). For example, if a seeker has the resources to apply for
50 of the 200 job openings she identifies, she will apply for the 50 from which she feels she has the best chance of receiving offers. With the perception that BPTW companies selectively employ higher-quality workers, lower-quality job seekers have lower expectancies and are dissuaded from applying, whereas better-qualified job seekers have the confidence to apply (Rynes, 1991; Turban & Cable, 2003).

Second, there is consistent evidence that job seekers are more likely to carefully process high involvement recruitment information when they have pre-existing knowledge about the firm (Collins, 2007) or when the firm has a good reputation (Collins & Han, 2004). That is, communication effectiveness and message elaboration increases when signaled information is consistent with pre-existing knowledge structures; e.g., ads from familiar companies attract more attention and trigger deeper informational processing (Allen et al., 2007; Collins, 2007; Connelly et al., 2011; Rucker & Petty, 2006). High involvement recruitment information refers to more detailed information or arguments about company attributes, such as extensive employer brochures or employee endorsements (Collins & Han, 2004). Because this information is more detailed, it requires greater job seeker cognitive involvement. Job seekers who are more cognitively involved act on information more appropriately; i.e., by making job application decisions based more on useful aspects of messages, rather than peripheral aspects. As such, their application decisions should align with their objective fit (Kristof-Brown, Zimmerman, & Johnson, 2005), rather than with more peripheral, and often-times inaccurate assessments of fit. Consistent with this, Collins and Han (2004: 709) found “strong support” for the role of pre-established awareness on the relationship between high involvement recruitment practices and applicant pool quality. Specifically, when companies had established awareness via corporate advertising or firm reputation, high involvement recruitment practices were able to fulfill their purpose in attracting better-fitting candidates to apply (i.e., increasing applicant pool quality). In our context, BPTW certifications may confirm pre-existing firm knowledge and similarly encourage deeper information processing by job seekers, leading to better application decisions and thus higher quality applicant pools (e.g., Dineen & Noe, 2009).

To disentangle the heuristic and sorting perspectives, we examine company size and labor market opportunities as potential moderators. In terms of firm size, we propose that job seekers resort to heuristics when smaller BPTW companies advertise jobs, whereas larger firms likely benefit from sorting. As argued above, job seekers tend to have less pre-existing knowledge about smaller companies, and these companies tend to possess less legitimacy (Williamson, Cable, & Aldrich, 2002). Thus, with a greater marginal need for job seekers to reduce uncertainty about applying to smaller firms, they are more prone to rely on external signals such as BPTW certifications. Moreover, because seekers tend to lack pre-existing coherent knowledge about smaller companies, they are unable to match the BPTW reputational signal with prior knowledge. They are thus prone to less effortful processing of subsequent information (Collins, 2007; Collins & Kanar, 2014; Petty & Cacioppo, 1986), and will base application decisions on the signal itself rather than on deeper processing of information regarding fit with substantive vacancy characteristics.

Conversely, seekers will more deeply and carefully process recruitment information from larger companies that are BPTW-certified, consistent with the sorting perspective. Larger companies tend to be more familiar to job seekers. Certifications then cohere with pre-existing familiarity and reputation perceptions, and even bolster those perceptions because they provide a relative comparison standard which complements the pre-existing absolute standard. That is, as BPTW certifications confirm pre-existing perceptions (e.g., Collins & Han, 2004), more thoughtful and careful information processing occurs, yielding better application decisions.

Hypothesis 5. Company size will moderate the relationship between BPTW certifications and applicant pool quality; the relationship will be negative for smaller companies and positive for larger companies.

In terms of labor market opportunities, job seekers may be more prone to cue-based (heuristic) or careful information processing (sorting) depending on the extent of industry job openings. Plentiful job openings imply greater job vacancy information for job seekers to process and therefore less time and resources to carefully consider each opening as well as less pressure to carefully identify openings likely to be a good fit. Faced with a plethora of information and perceptions that there are likely many suitable openings available, they may rely on heuristics, shortcuts, and cues when making application decisions (Fiske & Taylor, 1984; Petty & Cacioppo, 1986; Rindova et al., 2005). Just as job seekers
use corporate reputation as a signal regarding job attributes, and indicate job pursuit intentions based on that signal (Cable & Turban, 2003), plentiful jobs may induce job seekers to rely extensively on easily observable and comparable signals such as BPTW certifications, consistent with the heuristic perspective.

Conversely, consistent with the sorting perspective, when job openings are scarcer, job seekers may be motivated to carefully process recruiting signals in order to maximize search utility by targeting companies with which they believe they will likely fit (Kanfer et al., 2001; Schwab et al., 1987). We suggested earlier that BPTW firms might be viewed as more selective, leading to more carefully considered application decisions. With a more competitive labor market, seekers may be even more attuned to BPTW signals suggesting selectivity. Per search utility arguments, higher-quality seekers may be less concerned about scarcity and selectivity and continue to favor BPTW companies. However, lower-quality seekers may sharply and saliently perceive that they face strong competition. Just as college graduates might focus their searches on companies with which they believe they have a good chance of attaining offers, less qualified job seekers will “hedge their bets” in a competitive market and focus their efforts on non-BPTW companies relative to BPTW companies.

Hypothesis 6. Industry job openings will moderate the relationship between BPTW certifications and applicant pool quality; the relationship will be negative when job openings are more plentiful and positive when job openings are scarcer.

METHOD

We obtained data for 2011–2013 from an independent company that organizes and conducts annual city-, state-, and industry-based BPTW competitions. Depending on their size category, organizations pay a $600 to $1,200 entry fee. Organizational representatives complete an employer survey with items pertaining to employment practices (e.g., work–life initiatives, salaries) and outcomes (e.g., turnover). Concurrently, randomly selected employees complete an employee engagement survey. For companies with fewer than 24 employees, at least 80% of the employees must participate. For larger companies, at least 40% must participate. In the months after data are submitted, the competition organizer weights the company data 25% and employee engagement data 75% to determine whether entrants are certified that year. Certifications for companies “making the list” are publicized, and the organizer sends all companies a detailed feedback report, regardless of outcome.

In 2011 there were 1,815 participants that provided data on at least one dependent variable. From this initial sample, 834 participants across 15 BPTW programs in the United States and one in Canada also participated in 2012 and 2013, providing data on at least one dependent variable in 2013. We sought to use industry job opening rates from the Bureau of Labor Statistics (BLS) as a moderator variable and control for existing firm HR practices standardized by industry; however, the 23 BPTW industries represented in our data did not directly parallel BLS industries. Thus, to match BLS job openings data with relevant industries, we independently coded the BPTW industries into seven main BLS industries, retaining and re-coding 19 agreed-upon BPTW industries (BLS, 2014a; Cohen’s κ = .74; see Table 1). For companies in industries we were unable to match, we also coded “other” responses where respondents provided opened-end industry descriptions, retaining agreed-upon responses (Cohen’s κ = .71). This process yielded BLS industry classifications for 697 of the original 834 cases (83.6%). Missing data on other study variables yielded 624 cases used in at least one analysis and thus comprising the final sample.1

Measures

Voluntary collective turnover rates. The voluntary turnover measure is similar to McElroy, Morrow, and Rude (2001). Each year, company representatives completing the employer survey were asked, “What was your organization’s percentage of voluntary turnover in the last fiscal year?” Participants completed surveys online and additional

1 Additional information about missing data for specific analyses appears in Tables 3–5. These sample sizes account for the fact that companies can enter multiple competitions, such as the New York and Florida competitions. We judged entries to be duplicating firm-wide turnover figures rather than reporting entry-specific figures if they reported the same turnover for each entry in 2011 and 2013. We eliminated 63 entries in the original sample from 29 companies using this criterion, and retained 74 entries from 31 companies that reported different turnover per entry.
“mouse-over” information was available to enable consistent responding. The mouse-over specifically defined voluntary turnover as “instances where management agrees that the employee had the option to continue employment with the organization at the time of separation,” specified inclusion of full- and part-time employees who were on the payroll, and provided calculation instructions. The competition organizer does not include reported turnover in its BPTW certification algorithm.

**Applicant pool quality.** A four-item measure adapted from Collins and Han (2004) asked company representatives to “Consider the job applications your company received during the last fiscal year.” Specific items, rated on a 1 (*strongly disagree*) to 5 (*strongly agree*) scale were: (1) Overall, the skills of the applicants for the positions applied for meet the company’s needs; (2) The applicant pools we generate through our recruitment efforts are high in quality; (3) A large percentage of the applicants generated for posted positions are suitable for interviewing; and (4) The candidates who apply for positions with our organization have levels of skills and abilities that are in line with the requirements for those positions. Coefficient alphas in 2011 and 2013 were .89 and .86 respectively, and the competition organizer again does not use this measure in the certification algorithm.

**Company size.** This measure combined 2013 totals of full- and part-time employees in the United States (or Canada for that competition), with full-time (part-time) items as follows: “At registration, your organization submitted the number below as the total number of full-time (part-time) permanent staff employed in the United States. Please verify that this number is current and accurate, and make changes as necessary.” Because the distribution was highly right skewed (skewness = 5.69; SE = .10), we performed a natural log transformation of these data.

### TABLE 1

**BPTW Sample Information (N = 624)**

<table>
<thead>
<tr>
<th>Percentage of Sample by BLS Industry</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Construction</td>
<td>3.4%</td>
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<tr>
<td>Manufacturing</td>
<td>3.5</td>
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<tr>
<td>Trade, transportation, and utilities</td>
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<tr>
<td>Professional and business services</td>
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<tr>
<td>Education and health services</td>
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</tr>
<tr>
<td>Leisure and hospitality</td>
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</tr>
<tr>
<td>State and local government</td>
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</table>

<table>
<thead>
<tr>
<th>Percentage of Sample by Company Size</th>
<th>BPTW Program Information*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Size</td>
<td>Name</td>
</tr>
<tr>
<td>Less than 25</td>
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<tr>
<td>25–49</td>
<td>Atlantic Canada</td>
</tr>
<tr>
<td>50–99</td>
<td>Florida</td>
</tr>
<tr>
<td>100–249</td>
<td>Hawaii</td>
</tr>
<tr>
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<td>Healthcare</td>
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<tr>
<td>500–999</td>
<td>Insurance</td>
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<td>1000–1999</td>
<td>Kentucky</td>
</tr>
<tr>
<td>2000–4999</td>
<td>Los Angeles</td>
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<td>Maine</td>
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<td>Orange County</td>
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<tr>
<td></td>
<td>Texas</td>
</tr>
<tr>
<td></td>
<td>Virginia</td>
</tr>
</tbody>
</table>

* Programs were classified into the following geographic regions (BLS, 2014a; industry-based programs were the baseline for dummy coding purposes):

**South:** Florida, Kentucky, South Carolina, Texas, Virginia.

**West:** Hawaii, Los Angeles, Orange County, San Diego.

**Northeast:** Maine, Atlantic Canada, New York City, Pennsylvania.

**TABLE 1**

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Dineen and Allen
**Industry job openings.** We retrieved BLS industry job opening rates for each month in 2013 (BLS, 2014b), and averaged the 12 rates to create an overall rate for each BLS industry. This measure is based on a stratified random sample of over 16,000 nonfarm business and government establishments. A job opening requires that a specific position exists and there is work available for that position, work could start within 30 days, and the employer is actively recruiting to fill the position (see BLS, 2014a for more specific information about this variable).

**BPTW certifications.** To assist our research, the company running the BPTW competitions supplied complete certification data for each year of the competition. We used these data to construct the primary independent variable, operationalized as the number of certifications (0, 1, or 2) organizations achieved during the 2011–2012 competitions.

**Control variables.** We included dummy variables for geographic regions (see Table 1) and used archival data supplied by the organizing company to create a dummy variable representing organizational status (BPTW-certified or not) as of 2011 when the study began. Next, we included lagged (2011) values of our dependent variables (Wright, Gardner, Moynihan, & Allen, 2005). These were critical to assessing potential relationships between certifications and 2013 outcomes while controlling for baseline levels of those outcomes.

We also controlled for 2011 and 2013 indices representing salaries, diversity, and other HR practices utilized by participating companies, in the event those practices changed over the course of the study and thereby affected subsequent outcomes. For the salary index, specific items on the 2011 and 2013 employer surveys were, “Average annual salary for exempt employees (including partners if salaried)”; and “Average annual salary for non-exempt employees.” Indices in both years averaged exempt and non-exempt salaries, each standardized by industry participants. The diversity index comprised four items; one assessing the percentage of employees that were female (which we standardized by industry), and three assessing whether or not companies actively engaged in practices to recruit/retain employees of varying ethnic backgrounds, age, or disability status (also standardized by industry before averaging it with the standardized gender item). The HR practices index comprised 65 items in five sub-categories, including insurance benefits (14 items; e.g., “vision coverage [employee]”; 1 = not offered; 6 = employer pays 100% of premium); paid time off (five items: numbers of paid holidays, paid
time off days after one year, vacation, sick, and personal days); training (“What is the average number of annual training and development hours received per employee?”); performance evaluation (two items assessing employee performance appraisals and 360-degree appraisals); and other general HR practices (43 items; e.g., “onsite fitness programs,” “flexible hours”; 0 = not offered; 1 = offered). We standardized groups of similarly scaled items in each sub-category by industry, and then averaged across the five standardized sub-category scores.²

**RESULTS**

Means, standard deviations, and correlations appear in Table 2. Of the eligible sample of 624, 17.5% were never certified, 18.9% were certified once, and 63.6% were certified twice in the 2011–2012 certification cycles. We conducted $t$-tests to assess any differences between the initial 2011 participants that were and were not part of the final sample, on variables as of 2011. A greater percentage of participants in the analysis sample were certified as of 2011 when the study began, and had higher diversity and HR practice indices compared with those not in this sample. Salaries, size, turnover, and applicants pool quality did not significantly differ.

Hypothesis 1 proposed that certifications would be negatively associated with turnover rates and Hypotheses 2 and 3 proposed that this relationship would be moderated by firm size and industry job openings. After entering control variables in a first step, we regressed 2013 turnover on the number of certifications achieved in 2011–2012 in a second step, the two moderators in a third step, and the interaction terms in a fourth step. Results revealed a negative relationship between certifications and turnover ($ΔR^2 = .01; β = −.10; p < .05; see Table 3, Model 2), providing support for Hypothesis 1. However, Table 3 indicates that neither Hypotheses 2 nor 3 were supported. Hypotheses 4A and 4B proposed competing crystallization and celebrity effects: turnover would be relatively lower following two certifications, compared to either one or one certification; or relatively higher with zero certifications, compared to either one or two certifications. To test these hypotheses we constructed and entered two effects coded contrasts after the control variables.

²Detailed information about the index items and development process are available from the first author. Company representatives also provided survey completion times, and results were unchanged when controlling for this.
### TABLE 2
Means, Standard Deviations, and Correlations among Study Variables

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<td>Industry job openings 2013</td>
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<td>.05</td>
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<td>.26**</td>
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<td>.05</td>
<td>.03</td>
</tr>
</tbody>
</table>

**Note:** n = between 466 and 624. E.g., applicant pool quality was not assessed in 2011 for four of the 16 BPTW programs.

- Listed as a percentage (i.e., “10.29” means 10.29%).
- Natural log value shown.
- p < .10
- p < .05
- p < .01
These represented differences in 2013 turnover between: (1) participants not certified, and certified once or twice; and between (2) participants certified twice, and once or not at all (Cohen, Cohen, West, & Aiken, 2003). Results indicated an overall significant effect for the contrasts ($\Delta R^2 = .01; p < .05$), with support for the celebrity perspective (Hypothesis 4B): the coefficient for the effects coded contrast between 0 and 1 or 2 certifications was significant ($b = 4.36; SE = 1.63; \beta = .13; p < .01$) and the contrast between 2 and 1 or 0 certifications was not ($b = .10; SE = .57; \beta = .01; n.s.$). As Figure 1 shows, turnover is lower with one certification compared to none, but is essentially the same with one or two certifications.

Table 5 and Figures 2A and 2B illustrate the results of Hypotheses 5 and 6, which proposed moderating effects of company size and industry job openings on the BPTW certification-applicant pool quality relationship. Specifically, the overall $\Delta R$ square was significant ($\Delta R^2 = .01, p < .05$, Model 4) and the test of Hypothesis 5 was significant but counter to our prediction ($\beta = -.22, p < .05$). As shown in Figure 2A, BPTW certifications were positively rather than negatively associated with applicant pool quality among smaller companies (simple slope: $t = 2.10; p < .05$). Certifications and applicant pool quality showed no relationship among larger companies ($t = -1.17; n.s.$). Table 5 and Figure 2B show that Hypothesis 6 was partially supported. Specifically, a marginally significant overall interaction effect occurred ($\beta = -.15; p < .08$), with a simple slope indicating a positive relationship between certifications and applicant pool quality when job openings were scarcer ($t = 1.73, p < .09$). The relationship was non-significant, however, when job openings were more plentiful ($t = -1.63; n.s.$).

### Supplemental Analyses

We conducted supplemental analyses to further examine ways certifications might manifest in turnover and applicant pool quality. Data were available...

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among BPTW-certified companies indicating specific rankings (e.g., 1st, 5th, 20th). We sought, therefore, to analyze whether rankings were associated with the predicted trends, in two ways. First, we retested hypotheses among certified companies, replacing the 2011–2012 certifications variable with an average 2011 and 2012 ranking variable (e.g., if a company was ranked 5th in 2011 and 11th in 2012 its average rank was 8th). We found a main effect on turnover ($\Delta R^2 = .01; \beta = .13; p < .05$), such that better rankings (e.g., 8th is better than 18th), related to lower 2013 turnover. Second, we created a variable representing the percentage difference between rankings these two years, multiplying “worse” rankings differences (e.g., from 8th to 18th) by $-1$. We found a main effect on applicant pool quality ($\Delta R^2 = .01; \beta = .11; p < .05$), such that percentage differences in rankings across years (in a favorable direction) were associated with higher 2013 applicant pool quality.

**FIGURE 1**

Celebrity Effect of Certifications on Turnover: 2011–2013

- **DISCUSSION**

We combine and advance the turnover, recruitment, and employment branding literatures by developing and testing predictions regarding third party employment branding as it relates to turnover rates and applicant pool quality across a three-year period while controlling for ongoing investments in HR practices. Specifically, we draw on signaling and strategic HR theories to explain why organizations might engage third parties to provide credible signals to alert potential or current employees that
the company’s employment brand compares favorably across companies. These signals declare that the company is a great place to work and suggest that current and future employees are best served by joining or remaining with the company. Moreover, the signals likely create perceptions of consensus, consistency, and distinctiveness, three key aspects of constituent interpretation which can increase the efficacy of HR systems.

Our results have a threefold impact. First, we recognize that companies use employment branding to attract talent, but we also consider that companies have at least an equal interest in using branding to retain talent. Second, in addition to considering organization-generated branding in the form of HR practice constellations provided to attract and retain employees, we specifically consider incremental effects of third party-initiated branding, which is critically different in that it provides enhanced credibility and comparability. Here we find that BPTW certification signals explain key organizational outcomes beyond the effects of existing systems of HR practices, which might be “stronger” and more immutable in BPTW-participating companies (Bowen & Ostroff, 2004). Third, we provide a unique study of third party employment branding that extends prior work (e.g., Collins & Han, 2004; Fulmer et al., 2003) by using actual data gathered during multiple certification processes, and addresses calls from strategic HR scholars for longitudinal studies that account for lagged performance metrics (e.g., Wright et al., 2005). The array of findings extends our understanding of the context within which employment branding signals are interpreted, shows that they matter beyond instrumental HR offerings (Lievens & Highhouse, 2003), and demonstrates that signaling might differ considerably in effects on job seekers and organizational incumbents.

Overall, results show that BPTW certifications, as third party employment branding efforts, are associated with lower collective turnover rates independent of firm size or industry job openings; that initial certifications are more strongly associated with turnover than repeated instances; and that

### TABLE 5
Regression Results: Applicant Pool Quality

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
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</thead>
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<td><strong>Control Variables</strong></td>
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*Note: n = 466. This sample is reduced from its original size because 120 companies were from four programs that did not assess 2011 applicant pool quality, and 38 companies did not report applicant pool quality in either 2011 or 2013.

* Standardized regression coefficients shown. Dependent variable is 2013 applicant pool quality.

* $p < .10$

* * $p < .05$

* ** $p < .01$
The certification effects on applicant pool quality are conditioned on firm size and job opening rates. The study also addresses calls to investigate alternative explanations for turnover (e.g., Holtom, Mitchell, Lee, & Eberly, 2008), contributes to recent models of collective turnover by incorporating branding effects as a potentially important antecedent (e.g., Hausknecht & Trevor, 2011; Heavey et al., 2013), and indicates that third parties may be important participants in signaling systems.

More specifically, the turnover findings are consistent with what we term an identity effect: credible third party employment branding may strengthen incumbents’ identification with the firm, further embedding employees by sharpening the benefits of remaining compared with leaving for seemingly less desirable opportunities. This finding held across firm sizes and industry job opening rates, and extends signaling theory beyond its traditional HR application to job seeking. Specifically, organizational incumbents already know about working conditions at their current companies, so superficially they might discount third party information in their deliberations. But they are often unclear about the relative advantages of alternative opportunities, so that third party generated employment signaling is potentially very useful to job seekers and incumbents alike for signaling comparative information about other opportunities. We find this result while controlling for a host of ongoing HR practices, another important extension to prior work on the signaling effects of reputation and
certification. This suggests that signals can matter beyond objective job characteristics (Lievens & Highhouse, 2003) and even the personal experiences with the organization that incumbents already have.

We further develop crystallization and celebrity perspectives to examine the effects of multiple third party employment branding certifications over time. Signaling theory describes signaling systems as dynamic, with the meaning and strength of signals changing with repeated signaling (Connelly et al., 2011), a previously unexamined possibility in the context of employment branding. Our results are more consistent with what we term a celebrity perspective: turnover appears to be lower following an initial certification, but a repeat certification is not associated with even lower turnover. In addition to clarifying the role of third party branding efforts, this finding addresses the under-researched issue of signal utility over repeated episodes. Our findings suggest that the novelty of an initial signal is more important than the consistency provided by repeated signaling over time; identity-enhancing effects may diminish or even extinguish after the initial signal. Thus an initial third party-generated signal is sufficiently credible. When employees first learn that their organization is BPTW-certified, they will have heightened organizational identification, aligned with work examining celebrity firms (Pfarrer et al., 2010; Rindova et al., 2006). However, when they learn that their organization is still certified, the enhanced reputation through longer-term signal consistency (Rindova et al., 2005) has less power to further augment their identification or credibility perceptions.

We also find that BPTW certifications are conditionally related with applicant pool quality, extending signaling theory by showing that signal interpretation depends in part on context. First, we find BPTW certifications to be associated with better applicant pool quality for smaller but not larger firms, counter to our original prediction. Although we suggested the consistency of BPTW certifications with prior employer knowledge among job seekers assessing larger firms would lead to more effortful processing of information by those seekers and thus enhanced applicant pool quality, it may be that there is a ceiling effect whereby it is more difficult to change job seeker perceptions of firms they may already be familiar with (Cable & Graham, 2000). Even an external signal consistent with this pre-existing knowledge may not be enough to alter job seeker information processing. Smaller firms, on the other hand, appear to have more to gain by acquiring additional reputational signals, perhaps by better-attracting higher quality job seekers who previously only considered larger firms with more established reputations. Thus, the signaling strength of small-firm BPTW certifications may be greater.

Similarly, labor market context also affects interpretation of third party employment branding signals. When alternative job openings are scarce, BPTW certifications are positively related to applicant pool quality, but this relationship is not significant when alternative openings are more plentiful. Thus, when jobs are scarcer, BPTW signals may help potential applicants focus their time and energy on firms more likely to be an appropriate fit. Regarding the applicant pool quality findings relative to turnover findings, it is particularly important to study the incremental effects of BPTW certifications beyond existing HR practices. This is because those HR practices may not be as apparent or observable to job seekers as they are to organizational incumbents, whereas certifications should be. Also, it is important to recognize that increased quality may occur on a relative basis, for reasons including: (1) consistent numbers of qualified applicants and decreased numbers of unqualified applicants; (2) consistent numbers of unqualified applicants and increased numbers of qualified applicants; or (3) increased numbers of both, but a relatively greater increase in qualified applicants. While our results indicate situations where BPTW certifications are positively associated with applicant pool quality, and we surmise that the third scenario above is most likely, we encourage future research to examine how greater quality specifically manifests. Overall, our results suggest the importance of context in influencing how workplace-related signals are interpreted (Belogolovsky & Bamberger, 2014). The result pattern also suggests that BPTW certification effects tend to be qualified among external constituents (applicant pool quality) but are more uniform among internal constituents (incumbent turnover).

Limitations

Our results should be viewed in concert with some limitations, many of which derive from the archival nature of these data. First, organization mortality limits the generalizability of our results. Specifically, although we could track our outcome variables
among companies that continued competing in BPTW programs, companies that initially competed but then stopped provided no more data once they withdrew. Thus, for example, we could not track turnover from 2011 to 2013 among companies that entered competitions in 2011 but not in 2013. Certified participants: (1) tended to continue competing more frequently than non-certified participants; and (2) tended to be recertified more frequently in subsequent competitions (e.g., 83% of 2011-certified companies were recertified in 2012). A stronger design would have included not only organizations that joined the competition and failed to achieve certification, but also organizations that never joined the competition at all.

Second, the archival data prohibited direct assessments of some of the proposed underlying individual-level processes and mediating mechanisms. For example, we suggest that lower turnover is partially a function of increased individual identification with and embeddedness in the organization, that reputation perceptions increase when companies are certified, and that actors experience heightened emotions when BPTW signals are novel and unique. We also provide conceptual extensions to signaling theory by proposing that third party-generated signals are more credible and facilitate standardized comparisons across companies. Yet we could not specifically assess those dynamics. Thus, while controlling for lagged outcomes and HR practices helps better isolate certification effects, the precise reason for the effects remains uncertain. Also, if we had data from additional competition cycles, we might have explored potential longer-term mediations. For example, BPTW signals might affect long-run turnover by first influencing the quality of applicants attracted to firms. Future research that addresses those possibilities over longer time periods would lend additional insight to our theoretical perspective (Wright et al., 2005).

Third, baseline turnover among BPTW entrants may have been lower than turnover in the population, which could attenuate observed effects. The competition organizer offers an extensive feedback report which could entice non-elite companies that wish to improve, but competition entrants are already likely among the elite in people-management practices, or at least they perceive themselves to be. Thus entrants might have potentially lower turnover on average compared with typical non-competing organizations. Our design and HR practice and lagged dependent variable controls increase our confidence that differences in turnover rates and applicant pool quality can be attributed to BPTW certifications, but we cannot directly assert that the certifications caused these differences. As it is not feasible to randomly assign actual firms to BPTW status in the field, future research that manipulates third party employment branding signals in controlled environments could shed some light on whether these signals change individual perceptions and ultimately emerge as firm-level outcomes.

Fourth, these data are from a time of sluggish activity in the U.S. economy and labor markets, which could have affected employee mobility perceptions, although certified and non-certified companies in similar geographic regions faced similar economies. We examined moderating effects of industry job openings to partially address the role of labor market conditions and potential mobility. However, future research replicating the findings in stronger labor markets may be warranted. Fifth, company-supplied data such as turnover rates and salaries should be relatively straightforward to report, but some companies may track statistics better than others. We also recognize that using representatives to furnish organizational-level data such as applicant pool quality may have potential drawbacks in that the data may be perceptual. Others have used similar measures (e.g., Collins & Han, 2004), but some argue against using company-informant data (e.g., Gerhart, Wright, McMahan, & Snell, 2000). This may partially explain our modest effect sizes, although our turnover relationships, for example, are in line with meta-analytic estimates for climate and turnover rates (Heavey et al., 2013), similar to effect size benchmarks for relationships of employee evaluations with voluntary turnover (Bosco, Aguinis, Singh, Field, & Pierce, 2015), and non-trivial from a practical perspective (Hancock, Allen, Bosco, Pierce, & McDaniel, 2013).

Practical Implications and Future Research Directions

Despite these limitations, our study offers several practical insights. First, organizations cumulatively spend millions of dollars in annual BPTW entry fees (Burke, 2014). We show that they are making theoretically and practically sound choices by considering third party employment branding investments because it appears they are associated with lower turnover rates. Participating companies also receive extensive feedback reports and
benchmarking data worth $5,000 to $10,000 in consulting fees, according to the organizing company. However, entering competitions carries demands and possible disadvantages. Companies must ask employees to complete surveys; if the company fails to succeed in the competition, employees may have negative reactions. Likewise, considerable fronted costs are involved in attaining BPTW status. Companies must invest in practices ranging from vision insurance, to fitness or wellness programs if they hope to be labeled employee-friendly. Also, beyond justifying the expense of entering competitions once, it may be even more important to justify the costs of entering multiple times. For example, HR managers and CEOs need to know whether they should re-enter after being certified, or how many times they should fail before they stop trying. Our results suggest overall positive results but potentially diminishing returns to multiple certifications: initial certification associates with lower turnover, but further certifications may not be marginally advantageous. Of course, BPTW success carries several other benefits such as the higher applicant pool quality we observed or even possible spillovers to consumer reactions and purchasing patterns. Specific rankings among certified companies also seem to matter. Moreover, our research identifies company sizes that are likely to benefit and the optimal job markets that will convey benefits in terms of applicant pool quality. Better-qualified job seekers appear to apply more readily to smaller BPTW-certified companies or to BPTW companies when job openings are scarce. Smaller organizations may have fewer resources to invest in third party employment branding efforts, so it is useful to provide evidence regarding when they may benefit from third party certifications.

We encourage scholars to pursue several related research directions. We focus primarily on signaling theory as a meso-level theory describing how firm-level activities influence individual reactions that in turn influence firm-level outcomes, but other theoretical perspectives may provide alternative insights. For example, social information processing theory (e.g., Salancik & Pfeffer, 1978) compellingly explains how individuals interpret work conditions in relation to social information regarding others’ interpretations and reactions. Particularly with respect to incumbent reactions to BPTW certifications, scholars might explore how signal interpretation spreads contagiously among employees. Similarly, employee attributions about firm motivations for pursuing and obtaining BPTW certification may affect responses, as might perceptions of certification rarity; i.e., how many firms apply and thus certification prestige. Other related research would be fruitful, such as attributions pertaining to certification in one year followed by failure to be certified in the next; attributions about positive third party employment branding, particularly among employees who have unfavorable views of company employment practices; and national versus regional certification effects. Also, when studying third party branding, scholars should continue to account for employment practice effects.

Although BPTW success seems to benefit turnover and applicant pool quality, future work should examine other potential outcomes, such as longer-term financial metrics, product marketing benefits from one-time or continued third party employment branding certifications, and whether turnover tends to comprise better or worse performing employees. Our initial attempt to develop theoretical perspectives could be overlaid on additional studies considering, for example, whether current customers might quickly become more loyal to certified companies, whereas consumers of competing products might require more stable certification patterns before switching product allegiances.

Future work should also consider the longer term, more subtle results of third party certifications. For example, even though we believe the signaling value of being “on” or “off” the list is more theoretically interesting than the specific certification attained, studies might build on our supplemental results to examine specific changes in certification levels across years (e.g., moving from 10th to 1st). Also, as shown in Table 1, our sample comprised relatively smaller companies, reflective of the fact that 99% of businesses are typically considered small, but still possibly limiting the generalizability of our results. It would be interesting for future work to examine these dynamics among firms with larger size ranges, given that larger firms employ over 50% of the total workforce (United States Census Bureau, 2015).

Finally, certified organizations might be held more accountable to uphold their image. McCracken (2000) coined the phrase “let the world watch you” to describe how Deloitte & Touche employed independent panels to hold it accountable for improving gender diversity, and similar dynamics might be at play with BPTW certifications. Simultaneously, competing organizations that fail to be
certified might become more aware that they must improve their employment practices. For example, a control theory perspective (Carver & Scheier, 2000) would suggest that BPTW-successful companies might “rest on their laurels” and avoid taking further steps to enhance their people-management. Yet other firms might build on their success and seek to further differentiate themselves from competitors on employee-related issues. We view our current research as a useful starting point for such continued investigations.

REFERENCES


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