

2016

Human Capital and "The Best Places to Work"

Center for Executive Succession

Follow this and additional works at: https://scholarcommons.sc.edu/ces_research



Part of the [Business Commons](#)

Publication Info

2016.

This Report is brought to you by the Center for Executive Succession at Scholar Commons. It has been accepted for inclusion in Research Briefs by an authorized administrator of Scholar Commons. For more information, please contact digres@mailbox.sc.edu.

HUMAN CAPITAL AND “THE BEST PLACES TO WORK”

Research appearing in the *Academy of Management Journal* shows that certifications, such as achieving the “The Best Places to Work” designation, signal labor markets regarding the quality of the relationship between employees and employers. This signal directly affects the organizations human capital flow. However, the effect of such certifications is nuanced. These signals reduce turnover rates and increase applicant pool quality, but the applicant pool quality increase appears to depend on firm size and the scarcity of jobs.

Key Takeaways:

- “Best Places to Work” certifications are associated with reduced turnover and higher rankings lead to less turnover.
- “Best Places to Work” certifications result in increased applicant pool quality for smaller companies, but not necessarily for larger companies.
- “Best Places to Work” certifications result in increased applicant pool quality when job openings are scarcer.

Using data collected between 2011 and 2013 from a company that conducts “Best Places to Work Competitions”, researchers found that higher rankings on the “Best Places to Work” certification resulted in lower turnover and in some situations increased applicant pool quality. Applicant pool quality increases occurred when smaller firms achieved

certification and when jobs were relatively scarce. Further, higher rankings on the certification (e.g., eighth position versus fifteenth position) increased the signaling benefits.

However, the research team also found that a single certification seemed to account for most of the effects. Specifically, one certification reduced turnover, but there was not a statistically significant effect on turnover when there were two certifications compared with only one certification.

Their analysis statistically controlled for aspects of the environment (like geography), the firm (like salary, diversity, and HR practices), and firm history (like prior turnover rates). The authors suggest that future research is needed to learn about the manner in which certifications, such as the “Best Places to Work” affect individual attitudes and the spread of these attitudes across the workforce.

Source: Dineen, B. R., Allen, D. G. (2016). Third party employment branding: Human capital inflows and outflows following “Best Places to Work” certifications. *Academy of Management Journal*.



UNIVERSITY OF
SOUTH CAROLINA
Darla Moore School of Business

Center for Executive Succession: RESEARCH BRIEF

For more information on this or other Center for Executive Succession research, contact us at: CES@moore.sc.edu
Please note that CES seeks to share the published findings regarding C-Suite issues but does not necessarily endorse the research.