



Laura Schärer (Autor)

Retention in a Changing World of Work

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Telefon: +49 (0)551 54724-0, E-Mail: info@cuvillier.de, Website: <https://cuvillier.de>

Chapter 1

Introductory Remarks

Changing world of work

Over the last decades, the world of work has undergone considerable changes. Although such changes are not new to the labor market, the economy has increasingly become a more complex and dynamic environment (Wilkinson & Wood, 2017). The relevant literature discusses three primary drivers of the changing world of work in the 21st century. First, the *demographic change* is considering that the retirement of “Baby Boomers” (individuals born between 1946 and 1964), will cause a huge gap in the workforce, resulting in a loss of experience and knowledge (Earl, Taylor, Roberts, Huynh, & Davis, 2017). Second, *technological change* has a long history, and each new wave has resulted in changes in the nature of work (Wilpert, 2000). As evidence, Krieger (2017) illustrates how quickly technological change spreads, noting that “it took 75 years for 100 million people to get access to the telephone; the gaming app ‘Pokemon Go’ hooked that many users in less than one month.” Thus, today’s information-technology and communication revolution leads to greater connectivity and mobility that allow individuals to work anywhere and anytime (Malik, Pereira, & Budhwar, 2020). Third, *globalization* leads to the growing interdependence of economies, organizations, and people all over the world. As a result, observably greater mobility of human resources (HR) reflects the ability of a workforce to seamlessly

move within a country, even from one country to another. The increased movement of people results in a more heterogeneous workforce that differs in cultural values, norms, languages, attitudes, and management styles (Lina, 2018).

Only briefly illustrating these drivers of today's changing world of work shows one of the characteristics they have in common, namely, that three "new" groups of workers are increasingly moving to the fore of human resource management (HRM) in organizations: young workers, gig workers, and migrant workers.

Young workers

Demographic changes, such as the aging population, have resulted in an increasing number of retirees. Accordingly, significant attention is now focused on attracting and retaining young workers, a phenomenon known as "War for Talent" (Festing & Schäfer, 2014). Young workers (often called young employees) make up as much as 25% of the global working-age population; in Switzerland, the percentage is even higher (BFS, 2020). Although these young employees are an extremely heterogeneous group, most of them share having entered the labor market for the first time for reasons related to an uncertain and novel environment (Stewart, Oliver, Cravens, & Oishi, 2017). Consequently, these individuals have needs that are different from those of older employees and are more difficult to attract and retain.

Gig workers

Technological changes have led to increasing numbers of observable alternative working arrangements (Cappelli & Keller, 2013). Additional flexibility can lead to less traditional work arrangements than "Monday-to-Friday, 9-to-5," among long-term employees of the organization. Instead, the boundaries between the work itself, the individuals, and employer organizations are increasingly disappearing. So-called "gig work" is a type of contract work in which the worker provides services to different organizations, often for short periods of employment (Spreitzer, Cameron, & Garrett, 2017). In the United States, almost 30%

of the working-age population engage in the gig economy on a contract basis (Manyika et al., 2016). Also, in Switzerland, almost one in four individuals are no longer engaged in a traditional working arrangement (Deloitte, 2016). As these gig workers do not enter into a formal employment relationship with an organization, retaining these individuals gains a new meaning (Claus, 2019).

Migrant workers

Due to globalization, the movement of individuals who may be in search of work, escaping from oppression, or simply wanting to make lifestyle changes, is ongoing (Connell & Burgess, 2009). The literature on international HRM indicates a growing array of different forms of engagement in international work experiences, such as those among expatriates. Although various terms for these workers exist, migrants or migrant workers seem to be the prevalent overlapping terms (Andresen, Bergdolt, Margenfeld, & Dickmann, 2014). Today, there are about 270 million migrants globally, nearly two-thirds of whom are labor migrants (IOM, 2020). Switzerland's foreign employees represent 29% of its population, the highest such share compared to other countries (United Nations, 2018), making these individuals a substantial part of its workforce. However, a major challenge for organizations is to integrate migrant workers into the organization and retain them on a long-term basis (Zhang, Li, Frenkel, & Zhang, 2019).

Consequences for HRM

The fundamental and ongoing changes in the world of work result in competition for qualified individuals. Specifically, the retention of the three identified groups of employees (e.g., young workers, gig workers, and migrant workers) has acquired a different but important meaning because they have new or changing needs that a job and the employer must satisfy (e.g., Tarique & Schuler, 2018). Researchers have argued that systematic HRM, allied with the changes in labor market conditions, is an indispensable necessity to ensure a qualified

workforce in an organization and to gain and sustain competitive advantage (Cappelli, 2008). Consequently, organizations increasingly must apply target group-oriented HRM that takes account of today's heterogeneous group of employees and their needs. This target group-oriented segmentation of the labor market or HR can utilize various criteria (e.g., demographic or psychographic criteria) (Staffelbach & Bruggmann, 2000). As a traditional marketing concept, target group-oriented segmentation means dividing a relevant market to create as homogeneous a group as possible, but very heterogeneous compared to other segments (Smith, 1956; Wehrli, 2004). In the literature, a targeted, long-term strategy for managing the awareness and perceptions of employees is known as "employer branding" (Sullivan, 2004). Thus, it serves as an important concept for analyzing the retention of specific groups of employees in a changing world of work.

Aim and structure of the dissertation

Considering the changes in today's world of work, with their relevant implications for HRM, is a crucial success factor for organizations (Connelly, Fieseler, Černe, Giessner, & Wong, 2020). Despite some theoretical and empirical evidence, researchers, as well as practitioners, often do not sufficiently focus on understanding the specific needs and demands of employees, in the context of the changing world of work, to ensure long-term and sustainable HRM. Consequently, the main objective of this dissertation is to address this research gap and to examine the retention of three groups of employees that have emerged through those changes. To do so, this thesis includes both employee and employer perspectives. By using the construct of the psychological contract as a means to an end for employee retention, the dissertation assesses the specific needs and demands of young, gig, and migrant workers. Specifically, this dissertation measures and analyzes the psychological contract and relevant outcomes (e.g., turnover intention) on an individual level, based on quantitative employee data. Using the concept of internal employer branding as an approach to reten-

tion, this thesis also includes the employer's perspective and provides theoretical and practical implications for organizations. Overall, this dissertation aims to contribute to the existing research on human resource marketing. Figure 1.1 displays the model that guides the thesis.

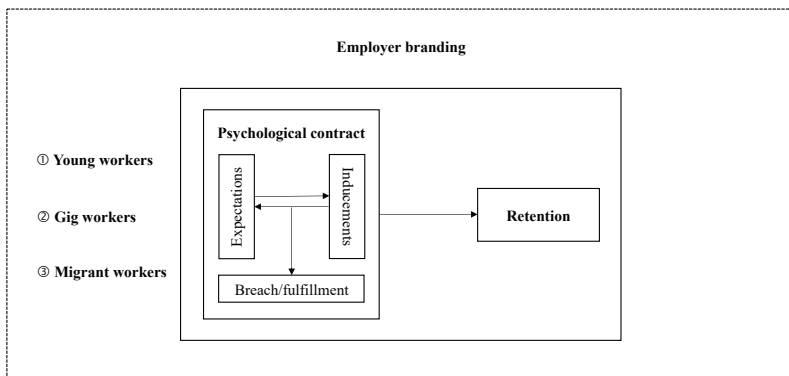


Figure 1.1: Model of the dissertation

Based on this model, the thesis consists of six chapters. After some introductory remarks on the topic and the aim of the dissertation in Chapter 1, Chapter 2 introduces the key concepts of employer branding, retention, and psychological contract, and their underlying theoretical backgrounds. Chapters 3 through 5 present three empirical studies that are briefly described below. Chapter 6 summarizes the results of the research and derives theoretical and practical implications, presents the limitations of the studies and discusses future related research areas.

Study 1

This study, co-authored by Lea Rutishauser, addresses young employees' determinants of turnover intention over time. In this longitudinal study, we examine the expectations of two cohorts of young employees toward their employer and

whether these two cohorts react differently to a psychological contract breach. The results are based on two large and representative samples of employees working in Switzerland, including the corresponding cantonal unemployment rates as contextual labor market measures.

Study 2

Through the lens of the psychological contract, this paper, co-authored by Anna Sender, examines factors that can help in the retention of gig workers. Using an international sample of independent contractors, registered with a high-end gig platform, and a factorial survey, we analyze transactional and relational contents of the psychological contract on individuals' loyalty to the organization and the moderating role of work volition.

Study 3

This study, co-authored by Julian Pfrombeck and Anja Feierabend, addresses migrant workers. Specifically, we examine the relationship between organizational climate for inclusion and turnover intention, including the mediating mechanism of psychological contract fulfillment, and possible differences between individuals with different cultural backgrounds. We tested the proposed moderated mediation model using a large sample of employees working in Switzerland.

Chapter 2

Theoretical Concepts

2.1 Employer branding and retention

2.1.1 Definitions

Employer branding. Employer branding represents an activity that an organization undertakes to apply principles of marketing to HR activities, in relation to current and potential employees. The main objective of this HR marketing concept is to create and manage the brand image of the organization as a “great place to work,” to attract and retain employees (Edwards, 2010). Sullivan (2004) defines the term “employer branding” as a targeted, long-term strategy for managing the awareness and perceptions of individuals regarding a particular organization. In general, two different central task areas of employer branding can be distinguished: external and internal employer branding (Backhaus & Tikoo, 2004). On the one hand, external employer branding focuses on potential employees when the effort requires targeting a specific group of individuals appropriately and then recruiting them for the organization (Archana, Nivya, & Thankam, 2014). On the other hand, internal employer branding focuses on current employees and includes all suitable measures to strengthen the positive attitudes and motivation of the workforce (Love & Singh, 2011). Both central task areas rely upon differentiating an organization’s characteristics as an em-

ployer from those of its competitors and highlighting the unique aspects of the organization's employment environment (Backhaus & Tikoo, 2004). In contrast, internal employer branding in particular is a prime approach for responding to retention challenges (Urbancová & Hudáková, 2017).

Retention. Retention (also known as employee retention) is the process by which an organization ensures that its employees do not quit their jobs. Specifically, it is a process that encourages employees to remain with the organization for the maximum amount of time or until the completion of a project (Das & Baruah, 2013). Consequently, a comprehensive and target group-oriented employer branding strategy can arguably achieve retention objectives (Davies, 2008). In theory as well as in practice, employee retention has several indicators, such as absenteeism, sick leave, and turnover or churn rates (Buttenberg, 2012). However, the retention literature often uses turnover intention (i.e., the likelihood of an employee leaving the current job/organization) as a proxy for retention (Memon, Salleh, Baharom, & Harun, 2014).

2.1.2 Current state of research

The basic idea of the branding concept for organizations had already emerged in the 1970s, but researchers primarily started dealing with the topic of employer branding in the late 1990s (Ergenzinger, Caprano, Huber, & Meyer, 2012). Internet searches using Google and Yahoo! each yielded over 3,000 hits for the term “employer branding” at the beginning of the 21st century (Backhaus & Tikoo, 2004) and more than 100 million in 2020. Despite gaining considerable popularity in HR practitioner literature, empirical research on employer branding is still relatively inadequate, yielding a fragmented field with heterogeneous interpretations of the concept and its scope (Theurer, Tumasjan, Welpe, & Lievens, 2018).

One important conceptual framework that has gained significant attention from the scientific research community is Gilani and Cunningham's (2017). They suggest in their conceptual framework four main steps to developing a strong

employer brand: (1) understand the organization, including the organizational culture and the core values resulting in specific value propositions, (2) create a “compelling employer brand” for employees that mirrors the brand promise, (3) communicate the clear vision of the offerings externally and internally, and (4) adopt or adapt organizational behavior to promote brand identification (see Figure 2.1).

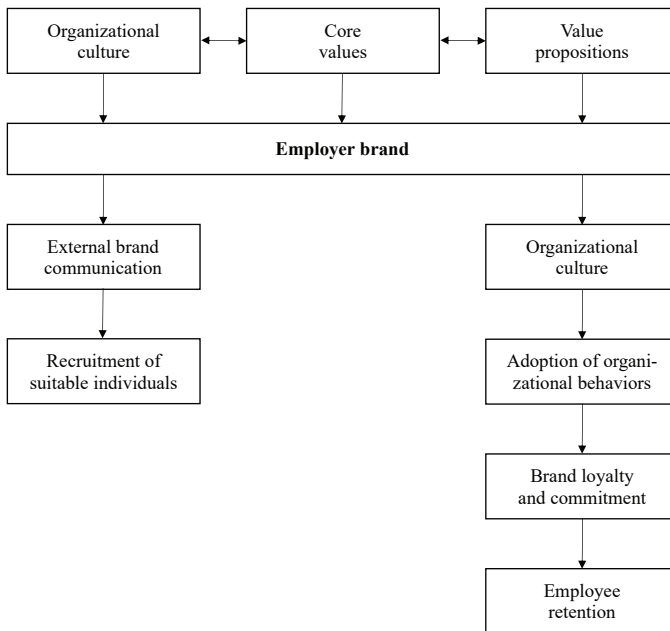


Figure 2.1: Conceptual employer branding framework

These four steps together link to employee brand loyalty and employee brand commitment. Moreover, they also illustrate that an individual who becomes committed to the brand feels inclined to stay with the organization (Gilani & Cunningham, 2017).

Other research that support this framework demonstrate several positive outcomes of the employer branding of an organization, such as commitment, job satisfaction, performance, and retention (Allen, Bryant, & Vardaman, 2010; Tanwar & Prasad, 2016). Additionally, Kashyap and Verma (2018) point out the negative relationship between employer branding and employees' turnover intention, strongly connected to actual turnover and, thus, to employee retention. While there is adequate evidence that employer branding and employee retention are strongly linked, exactly how an organization should build and communicate its employer brand, specifically in terms of the needs of the employee groups (e.g., gig workers), often remains unclear.

2.1.3 Theories

Employer branding has received much attention in practitioner venues, but relatively little in academic research. Consequently, the underlying theoretical foundation for employer branding has not been fully developed, and researchers are using different theories to explain its mechanisms (Backhaus & Tikoo, 2004; Lievens & Slaughter, 2016). The foundation's overall basis is the assumption that human capital brings value to the organization and, through skillful investment in HR, increases organizational performance (Becker, 1964). The resource-based view, suggesting that characteristics of an organization's resources can contribute to sustainable competitive advantage, supports this contention (Barney, 1991). For instance, researchers addressing external employer branding and providing foundations for recruitment (i.e., attracting potential employees) rely on signaling theory (Spence, 1973) and the elaboration likelihood model of persuasion (Petty & Cacioppo, 1986). *Signaling theory* considerations arise from the idea that job seekers use the (limited) information available from image characteristics (e.g., the appearance of the employer on its website) as signals of what it might be like to work there. The underlying idea behind the *elaboration likelihood model of persuasion* is the difference between the central and peripheral routes to persuasion, which express how carefully in-