The Value of Organizational Reputation in the Recruitment Context: A Brand-Equity Perspective

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We extend the recruitment literature by examining how and why firms' reputations affect job seekers, and by expanding the outcome variables that can be used to judge recruitment success. Results from 339 individuals suggested that job seekers' reputation perceptions affected job pursuit because (a) individuals use reputation as a signal about job attributes, and (b) reputation affects the pride that individuals expect from organizational membership. Moreover, individuals were willing to pay a premium in the form of lower wages to join firms with positive reputations, and individuals' familiarity with organizations affected the amount of information they could recall about a recruitment job posting after 1 week. Finally, the results suggested that reputation advertising did not affect job seekers' reputation perceptions, suggesting that past research on fictitious companies may not generalize to actual organizations.

In an economy where capital is abundant, ideas are developed quickly, and people are willing to change jobs often, the most valuable organizational resource is human capital, or the talent of an organization's workforce. However, according to a survey of over 6,000 executives from large U.S. companies, 75% of executives stated that their companies did not possess adequate human resources and that this talent shortage was hindering their ability to pursue growth opportunities (Chambers, Handfield-Jones, & Michaels, 1998). In this kind of environment, attracting "the best and the brightest" becomes a constant war for talent (Fishman, 1998).

Research has indicated that one major determinant of an organization's ability to recruit new talent is organizational reputation, referring to the status of a firm's name relative to competing firms (Belt & Paolillo, 1982; Gatewood, Gowan, & Lautenschlager, 1993; Rynes, 1991). This research suggests that a given job is more attractive to job seekers when the job is offered by an organization with a positive reputation. Thus, organizational reputation acts as a "brand," adding value to a job beyond the attributes of the job itself (e.g., work content, pay).

In this paper, we theorize that a firm's reputation is analogous to a brand, and we use the brand-equity perspective from marketing in order to extend the

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recruitment literature. *Brand equity* has been defined as the marketing effects uniquely attributable to the brand—for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have that name. (Keller, 1993, p. 1)

Strong brands can generate a competitive advantage for organizations because they initiate consumers' purchase decisions, they improve the efficiency of marketing programs, and they allow firms to charge more for products (Aaker, 1996; Keller, 1993). For example, two brands of cars (e.g., Plymouth Laser™ and Mitsubishi Eclipse™) may offer identical product attributes, but nevertheless attract different numbers of consumers who are willing to pay different prices as a result of the reputations that are associated with the brands (Aaker, 1996).

We use the brand-equity perspective to extend the recruitment literature in three important ways. First, we investigate why firms' reputations matter to job seekers. The brand-equity literature suggests that brands are important to consumers because (a) brand names offer signals that consumers use to make inferences about the attributes of the product, and (b) consumers endeavor to associate themselves with certain brands to improve their self-esteem. Although these theoretical explanations appear relevant for understanding why job seekers care about organizational reputation during recruitment, little research to date has investigated how job seekers use reputation information.

Second, we extend existing recruitment research by suggesting new ways that reputation creates value for organizations. To date, the recruitment literature has focused on job-pursuit decisions as the ultimate outcome of interest. A brand-equity perspective suggests that job seekers also may be willing to pay a premium in the form of lower salaries to work for firms with positive reputations, and that job seekers' reputation perceptions may affect the degree to which they remember information from recruitment materials. Thus, following Rynes' (1991) call for new ways to assess recruitment effectiveness, we propose two new outcomes that managers and researchers can examine to gauge the returns on recruitment investments.

Finally, we examine the effects of reputation advertising in the recruitment context. Although practitioners are interested in how recruitment advertisements influence potential applicants, a recent comprehensive review of the literature revealed that little scholarly research exists on this topic (Barber, 1998). Some research suggests that firms' investments in recruitment advertisements affect job seekers' reputation perceptions and job-pursuit decisions (Schwoerer & Rosen, 1989; Williams & Bauer, 1994), but this research manipulated recruitment advertisements of fictitious organizations. Because actual firms possess established reputations that may be less affected by a single advertising episode, it is unclear from existing research whether recruitment advertising affects job seekers' reactions to actual firms (Barber, 1998; Keller, 1993). Accordingly, we investigate the effects of reputation advertisements in the context of actual organizations.

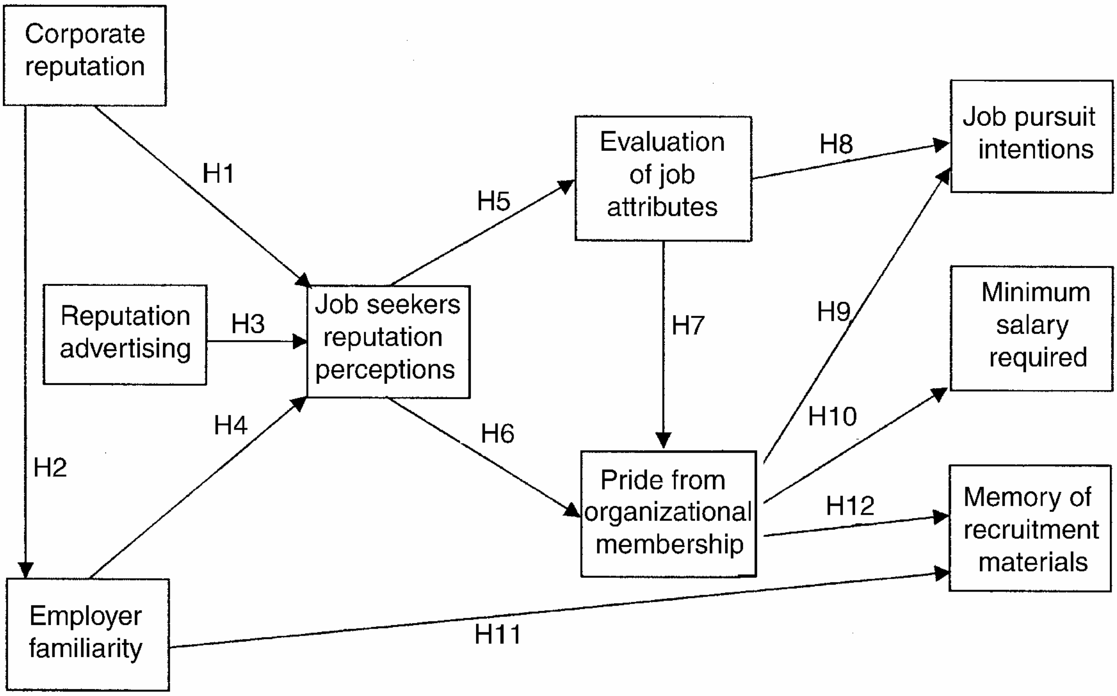

Figure 1. Theoretical model of job seekers' reputation perceptions.

Theoretical Model

Our model of the antecedents and consequences of job seekers' reputation perceptions is depicted in Figure 1. Based in part on the brand-equity perspective, we propose that job seekers' reputation perceptions are a function of general corporate reputation, recruitment advertisements, and corporate familiarity.

The model next suggests that reputation perceptions influence recruitment outcomes because reputation affects job seekers' perceptions of job attributes and the pride that they expect from membership in a firm. These relationships are important because while some research has investigated links between reputation perceptions and job-pursuit intentions (Gatewood et al., 1993), little is known about how reputation perceptions influence recruitment outcomes. Finally, based on the brand-equity perspective, the model extends past research by proposing two new measures of recruitment effectiveness in addition to job pursuit intentions; namely, the minimum salary required to accept a job, and memory of recruitment materials.

Corporate Reputation and Job Seekers' Reputation Perceptions

A large research literature has operationalized corporate reputation using *Fortune*'s annual reputation survey, which assesses reputation from corporate executives (e.g., Fombrun & Shanley, 1990; Gatewood et al., 1993; Hammond &

Slocum, 1996; McGuire, Sundgren, & Schneeweis, 1988; Sobol & Farrelly, 1988; Wartick, 1992). Theoretically, overall corporate reputation (i.e., the *Fortune* ratings) should be positively related to job seekers' reputation perceptions, because presumably *Fortune* ratings are based to some degree on organizational achievements that also are relevant to job seekers (e.g., treatment of workforce). Moreover, the *Fortune* ratings are perhaps the best-known source of information about corporate reputation (Fombrun & Shanley, 1990), and it is likely that many job seekers are influenced by the ratings.

On the other hand, it is possible that job seekers and corporate executives have different reputations of the same organization because these groups may apply different criteria when judging organizational reputation. From this perspective, the meaning and value of firms' activities and characteristics vary depending on what stakeholder group is doing the evaluating (Fombrun, 1996). In the only study that we are aware of that examined this relationship, Gatewood et al. (1993) found that the relationship between *Fortune* ratings and job seekers' reputation perceptions was insignificant ($r = .25$, $p > .05$). However, the sample size for Gatewood et al.'s analysis was only 26, suggesting that the results should be reexamined with a larger sample. This is an important issue because it has implications for the management of reputation perceptions across constituents. Thus, in the present study we hypothesize the following:

> *Hypothesis 1.* Corporate executives' reputation perceptions (i.e., the *Fortune* ratings) will be positively related to job seekers' reputation perceptions.

Next, we examine the link between corporate reputation (i.e., *Fortune* ratings) and job seekers' familiarity with organizations. We define *employer familiarity* as the level of awareness that a job seeker has of an organization. As we noted earlier, the *Fortune* ratings are one of the most widely known sources of reputation information (Fombrun & Shanley, 1990). We theorize that firms with high *Fortune* ratings receive considerable publicity and exposure, whereas firms with lower ratings receive less publicity. Therefore, we propose that firms' *Fortune* reputation ratings should be positively related to company familiarity because high *Fortune* ratings garner exposure for firms.

> *Hypothesis 2.* Corporate executives' reputation perceptions (i.e., the *Fortune* ratings) will be positively related to job seekers' familiarity with an organization.

One foundation of the marketing literature is that firms can use advertising to associate positive name brands with their products and increase sales (Kotler, 1997). In the context of recruitment, we predict that firms promoting positive aspects of their human resource philosophy in recruitment advertisements will establish more favorable reputations than firms that do not. Human resource philosophies are salient and important to job seekers (Bretz & Judge, 1993), and some experimental research has found that advertising human resource policies affects reputation perceptions. For example, Schwoerer and Rosen (1989) found that individuals rated fictitious corporate reputations significantly higher when recruitment advertisements featured due-process policies instead of employment-at-will, and Williams and Bauer (1994) showed that individuals rated fictitious organizations significantly more positively when recruitment advertisements featured a diversity management policy.

As noted by Barber (1998), it is important to complement the hypothetical nature of past research with similar studies of actual organizations. The effect of advertising on the reputations of actual organizations may be different because actual firms have entrenched reputations based on previous behaviors and advertising (Keller, 1993), while the reputations of fictitious companies are "blank slates." Accordingly, in the present study, we investigate the effects of reputation advertisement on the reputations of actual organizations.

> *Hypothesis 3*. Reputation advertising of human resource philosophies in job postings will positively affect job seekers' reputation perceptions.

Figure 1 indicates that job seekers should hold more favorable beliefs about a firm's reputation when they are familiar with that firm. Theoretically, individuals rely largely on their familiarity with a stimulus when forming evaluations about the stimulus, particularly when they lack adequate information (Petty & Cacioppo, 1986). Because job seekers often possess limited information about companies' activities in the initial stages of recruitment (Rynes, 1991), it is likely that their reputation perceptions are influenced by their familiarity with the company. A positive relationship between job seekers' familiarity and organizational reputation also is consistent with the mere-exposure literature, which suggests that repeated exposure to an object results in positive evaluations of the object (Zajonc, 1968).

Similarly, the marketing literature indicates that exposure to a brand name encourages consumers to have a more favorable attitude toward the brand, even when the consumer cannot recollect the initial exposure (Janiszewski, 1993). Gatewood et al. (1993) likewise found that firm familiarity was strongly related to job seekers' reputation perceptions. Therefore, we expect organizational familiarity to be positively related to job seekers' reputation perceptions, although we realize that this relationship may not hold for all firms at all times (e.g., Exxon after the Valdez accident).

> *Hypothesis 4*. Job seekers' familiarity with an organization will be positively related to their reputation perceptions about that firm.

Why Reputations Matter to Job Seekers

Although past research has shown that applicants are more likely to pursue jobs at firms with better reputations (Belt & Paolillo, 1982; Gatewood et al., 1993), research has not explained why organizational reputation should matter to job seekers. In theory, a firm's reputation should only affect individuals' job-pursuit decisions if reputation can be exchanged into outcomes that individuals value. To the extent that reputations are analogous to brands, marketing research suggests that job seekers value reputation because (a) they use reputation to make inferences about the quality of job attributes that are difficult to learn about before accepting a job, and (b) they try to improve their self-esteem by associating themselves with firms that have favorable reputations. Thus, based on the brand-equity perspective, we next hypothesize why reputation affects outcomes (e.g., job pursuit) in the recruitment context.

Job attributes. It is difficult for job seekers to acquire substantial information about many aspects of a job prior to actually starting the job (Rynes, 1991; Stigler, 1962). The difficulty in obtaining information about jobs is exacerbated in the earliest stages of recruitment (i.e., prior to interviews and site visits) when job seekers must initially decide which jobs to apply for and which jobs to remove from consideration. In the marketing literature, research has shown that when products cannot be evaluated fully before purchase, consumers interpret brand reputations as signals about product quality (e.g., Shapiro, 1983). Likewise, since job seekers cannot gather full information about job attributes prior to accepting the job, we predict that they will use firms' reputations as signals about job attributes.

> *Hypothesis 5.* Job seekers' reputation perceptions will be positively related to their evaluations of job attributes.

Pride from organizational membership. People's employers are an important part of their self-concept and their social identity (Ashforth & Mael, 1989; Dutton, Dukerich, & Harquail, 1994). The connection between an organization's reputation and a person's identity should be particularly strong during the job-pursuit process because the act of pursuing and accepting a job highlights the volitional nature of the affiliation. Thus, joining a particular organization is a concrete, public expression of a person's values and abilities (Popovich & Wanous, 1982).

Given the link between employers' reputations and people's self-concept, reputation should affect the pride that job seekers expect to feel after joining the organization. A person's self-concept is influenced, in part, by the attributes that others may infer about them from their organizational membership (Dutton et al., 1994). When job seekers believe that an organization has a positive reputation, they may expect to "bask in the reflected glory" of the organization's social position (Cialdini et al., 1976). Conversely, membership in organizations with poor reputations can confer the negative attributes of an organization on a member, replacing pride with embarrassment and discomfort (Dutton et al., 1994).

> *Hypothesis 6*. Job seekers' reputation perceptions will be positively related to the pride that they expect from organizational membership.

We also expect that the pride job seekers expect to feel after joining the organization should be affected by their beliefs about job attributes. A large literature suggests that job seekers use job attributes (e.g., level of pay, level of challenge, type of working conditions) to judge the quality of their relationship with potential employers (Jurgensen, 1978; Powell, 1984). Thus, we expect that individuals who perceive a job with positive attributes are likely to feel proud of obtaining the job and being affiliated with the employer. We therefore hypothesize the following:

> *Hypothesis 7*. Job seekers' beliefs about the quality of job attributes will be positively related to the pride that they expect from organizational membership.

Outcomes of Reputation

In addition to examining why reputation is valuable to job seekers, we also consider the ways that reputation returns value to organizations during recruitment. We hypothesized earlier that reputation perceptions will affect job seekers' evaluations of job attributes and the pride that they expect from organizational membership. Considerable evidence has indicated that job seekers' perceptions of job attributes predict their job-pursuit decisions, leading Rynes (1991) to suggest in her review of the literature that job attributes may be the dominant factor in applicant attraction. Moreover, individuals should be more likely to accept jobs at organizations of which they are proud because individuals seek to join groups and organizations, at least in part, to enhance their self-esteem (Ashforth & Mael, 1989; Tajfel, 1978). Thus, we hypothesize the following:

> *Hypothesis 8*. Job seekers' perceptions of job attributes will positively affect their job-pursuit intentions.

> *Hypothesis 9*. The pride that job seekers expect from organizational membership will positively affect their job-pursuit intentions.

To date, most recruitment research has emphasized job pursuit as the ultimate criterion of recruitment effectiveness (Rynes, 1991). Although it is clear that a primary objective of recruitment is motivating applicants to pursue and accept job openings, one of our goals in the present study is to extend the way recruitment effectiveness has been conceptualized. In the marketing literature, the brand-equity perspective suggests that in addition to tracking consumers' purchase decisions, marketing managers also should examine consumers' price sensitivity and memory of advertisements as important marketing outcomes (Keller, 1993). Applying this perspective to the recruitment literature, we propose that recruitment managers and researchers examine the minimum salary that job seekers require to accept a job and job seekers' memory of recruitment advertisements.

Minimum salary required. One of the most important returns that firms gain from strong brands is the ability to charge higher prices (Park & Srinivasan, 1994). Consumers will pay large premiums for name brands, even if the product attributes are identical to a less expensive brand because people value associating themselves with highly regarded brands. As noted by Keller (1993), "consumers may value the prestige, exclusivity, or fashionability of a brand because of how it relates to their self-concept" (p. 4).

Applying this perspective to recruitment suggests that job seekers place a value on employers' reputations as a result of the pride that they expect from membership. Just as consumers will pay more for an identical product with a better brand name, individuals may be willing to pay a premium in the form of lower wages to accept an identical job with a firm that increases their pride and self-esteem. Thus, we expect individuals who feel more proud about affiliating with an organization to require a lower minimum salary to accept a given position with the organization.

> *Hypothesis 10.* The pride that job seekers expect from organizational membership will negatively affect the minimum salary that individuals require to accept a position.

Memory of recruitment advertisements. Marketing managers judge the success of their advertising, in part, by their efficiency in relaying information to consumers (Costley & Brucks, 1992; Keller, 1993). Likewise, a valuable way to gauge the efficiency of recruitment advertisements is to examine how much information individuals can remember after viewing the advertisements. The amount of recruitment information that job seekers can remember is an important outcome because when firms can relay more information in fewer advertisements, they conserve resources and maximize the returns on their recruitment investments. Moreover, because of the inevitable delay between applicants' exposure to recruitment advertisements and their subsequent decisions to apply or not apply to the firm, job seekers must remember recruitment advertisements at a later time in order for the advertisements to influence their behavior.

Research has indicated that consumers can recall more information from advertisements when they feature brands with which consumers are already familiar. Theoretically, familiarity facilitates learning information about that stimulus because individuals possess cognitive structures for familiar stimuli (Alba & Hutchinson, 1987; Keller, 1993). It is easier to learn new information about stimuli for which we have cognitive structures because it takes less effort to attach new information to existing memory nodes than it takes to create new nodes (Bransford & Johnson, 1972). Applying these findings to a recruitment context suggests that individuals will remember more information about recruitment materials from an organization with which they are familiar than one with which they are not familiar, because they can more easily file the information into preexisting cognitive structures.

> *Hypothesis 11*. Individuals will accurately recall more information from recruitment materials when the materials are from organizations with which they are familiar.

We also expect memory of recruitment materials to be affected by the pride that job seekers expect from organizational membership. Research has suggested that individuals are more likely to process and encode self-relevant information, or information that is important to their personal goals (Alba & Hutchinson, 1987). Also, the more personal relevance that is attached to information during encoding in memory, the stronger the resulting beliefs will be held, and thus the likelihood of accurate recall is increased (Keller, 1993; Petty & Cacioppo, 1986). Thus, individuals should be more likely to strongly encode recruitment information when their expected pride from organizational membership is high. Accordingly, we hypothesize a positive relationship between expected pride from membership and ability to recall information from recruitment advertisements.

> *Hypothesis 12*. The pride that job seekers expect from organizational membership will positively affect their ability to accurately recall information about recruitment advertisements.

To summarize our model, we suggest that job seekers' reputation perceptions will be affected by general corporate reputation, recruitment advertisements, and corporate familiarity. Job seekers' reputation perceptions, in turn, should affect individuals' perceptions of job attributes and the pride that they expect from membership, which in turn influence job-pursuit intentions, minimum salary required, and memory of recruitment materials. Figure 1 extends the recruitment literature by using the brand-equity perspective to examine antecedents of job seekers' reputation perceptions, why these perceptions matter, and additional indicators of recruitment effectiveness.

Control Variable

To provide better estimates of the hypothesized variables, we examine the effects of pay level. We expect that pay level will influence job seekers' evaluations of job attributes because pay level is directly relevant for evaluating several job attributes (e.g., prospects for future earnings), and pay level also may allow individuals to make inferences about more subtle job attributes (e.g., opportunity for advancement, work environment; Cable & Judge, 1994; Rynes, 1991). Pay level also should be related to the minimum salary that individuals require to accept a position. This expectation emerges from the anchoring and adjustment phenomenon described in the cognitive biases literature where the availability of an anchor influences individuals' responses to questions (Tversky & Kahneman, 1974). Therefore, in our study, the size of the salary offered in the recruitment advertisement should be related to the amount that individuals report as a minimum to accept the job.

Method

Overview, Setting, and Procedure

To parallel the brand-equity perspective of examining the value that is added to a product solely as a result of the brand, we designed an experiment using a recruitment job posting. The experimental design was a $2 \times 2 \times 2$ between-subjects design in which we manipulated corporate reputation (good or poor *Fortune* reputation), reputation advertising (present or absent), and salary level (high or low).

Participants reported to a room and were given the experimental materials, which included a job posting. The job postings were randomly distributed to participants, and each participant received one job posting. Participants were told that the purpose of the study was to assess individual reactions to job postings. After studying the job posting, respondents (n = 368) completed a survey that assessed perceptions of the company's reputation, familiarity, job attributes, expected pride from membership, job-pursuit intentions, and minimum salary required to accept the job. One week later, individuals received an e-mail questionnaire that assessed their memory of the material from the recruitment job posting. Of the 368 students who completed the first part of the study, 339 (92.1%) also completed the e-mail questionnaire.

Participants

Participants were recruited from a management course and were offered extra credit (approximately 1% of the final grade) for completing all parts of the study. Of the 368 students who responded, 86% (N = 316) were White, 55% (N = 202) were males, and the average age was 21 years. Respondents included seniors (23%), juniors (61%), and sophomores (16%). Approximately 50% of the respondents indicated that they were in the process of searching for a full-time job or internship.

Job Posting

To provide participants with a realistic recruitment stimulus, we developed our job posting directly from real job postings on the Internet. The job posting included information that is typical for job postings, including opportunities available, management training at the firm, educational/experience requirements, and compensation level. To manipulate the particular company that was offering the job, we used the firm's logo at the top of the posting, and we manipulated the company's name throughout the posting. Although participants were aware that they were involved in an experiment, they were debriefed immediately following the experiment regarding the nature of the study.[2] We next describe the three manipulations.

Corporate reputation. Using the overall 1998 *Fortune* reputation ratings, we selected firms with good and poor reputations from four different industries. Thus, we had two companies in each industry: one good in reputation, and one poor in reputation. The average *Fortune* reputations for firms with good and poor reputations were 7.8 and 4.7, respectively (with a possible range from 1 to 10). We included eight firms from four industries in order to rule out idiosyncratic effects associated with any particular firm and therefore increased the generalizability of the results. In general, we included firms (a) when there were large differences in *Fortune*'s overall reputation ratings for high- and low-rated firms within an industry; and (b) when we expected respondents would have at least minimal familiarity with both the high- and low-rated firms. Each participant reviewed a single job posting from one of eight firms.

Reputation advertising. We manipulated image advertising by either including or omitting a section in the job posting that favorably described key features of a firm's human resource philosophy. To increase realism, this section was taken directly from actual postings on the Internet. This section reads as follows:

> (Firm name) is a company that is highly professional and solution-driven. While highly enthusiastic and assertive toward success, (Firm name) is also a work-hard/play-hard organization. (Firm name) is dedicated to the education, training, and success of its people. We understand personal time, and time outside the office, enhances the quality of life and performance of the Employee.

[2]The job-posting stimulus is available from the authors upon request.

> (Firm name)'s management style is one of empowerment. The management strives to provide employees the tools they need to make the required decisions in the day-to-day events of their positions. This is accomplished through training and the implementation of office policies. By following defined policy, the Employee is capable of making sound decisions, which are in the best interest of (Firm name) and the Employee.
>
> (Firm name) desires to maintain a management style that is dynamic, interactive, and positive. Therefore, it is important that employees participate in a proactive manner to promote the improvement of management policies and procedures.
>
> (Firm name) strives to maintain an impeccable level of ethical business practices. The company believes in the importance and value of Integrity and Honesty. (Firm name) will maintain a high level of corporate values and will always take action to ensure consistency.

Salary. The high- and low-salary manipulation was based on salary data obtained from the placement office of the university that the respondents attended. We used the means and standard deviations of the salaries received by graduates during the previous academic year, and we added 5% to account for cost-of-living increases. The high salary was operationalized as 1 *SD* above the mean ($39,320), and the low salary was 1 *SD* below the mean ($28,996).

Human resource philosophy. We manipulated information about human-resource philosophy by either including or omitting a section in the job posting that described key features of a firm's human resource philosophy, taken directly from the Internet. This manipulation is similar to what is found in job postings on the Internet in that firms either include information about their human resource philosophy or omit such information.

Measures

When possible, we assessed our constructs using scales from existing studies.

Reputation perceptions. Four items from Turban, Forret, and Hendrickson (1998) measured job seekers' reputation perceptions. For two items, respondents indicated the degree to which they believed the firm was a "company with a good public image" and a "company with a good reputation." These items were combined with job seekers' responses to the items "I have heard a lot of good things about this firm," and "This firm has an excellent reputation on campus." For all items, respondents used a 5-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The coefficient alpha reliability for this four-item scale was .74.

Familiarity. Job seekers' familiarity with organizations was assessed with three items adapted from Turban et al. (1998). Respondents used a 5-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*) to respond to the following items: "I know quite a bit about this firm"; "I am very familiar with this firm"; and "I am familiar with this firm's products or services." The coefficient alpha reliability for this three-item scale was .82.

Job attributes. We assessed respondents' beliefs about job attributes using eight items from Turban et al. (1998). Consistent with Turban et al. and other past job-choice research (e.g., Cable & Judge, 1996), respondents indicated the degree to which they believed the job would provide "excellent promotion possibilities," "excellent prospects for high future earnings," "opportunity for advancement," "good career paths," "high employee morale," "challenging and interesting work," "opportunity to use my abilities," and "opportunity for new learning experiences." For all items, respondents used a 5-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The coefficient alpha reliability for this eight-item scale was .85.

Job-pursuit intentions. Respondents reported their job-pursuit intentions according to four items adapted from Turban and Keon (1993; "I would exert a great deal of effort to work for this company," "I would like to work for this company," "I would be interested in gathering more information about this job opening," and "I would be willing to attend an evening information session about this job."). For all items, respondents used a 5-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The coefficient alpha reliability for this four-item scale was .89.

Pride from membership. Respondents reported the pride that they expected from organizational membership using three items adapted from Turban, Lau, Ngo, Chow, and Si (2001): "I would feel proud to be an employee of this firm," "I would be proud to tell others that I work for this firm," and "I would be proud to identify myself personally with this firm." For all items, respondents used a 5-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The coefficient alpha reliability for this three-item scale was .94.

Minimum salary. Individuals wrote their minimum salary in response to the question, "Assuming this job offer were made to you, what is the minimum salary amount that you would accept to work for this firm?"

Memory of recruitment materials. One week after individuals examined the job posting, we assessed their memory by e-mailing nine questions about the job posting. Two of the items were completion questions (e.g., "Please write the exact salary that was listed in the posting for the Manager Trainee program job"), and seven were multiple-choice or true–false (e.g., "How long was the Manager Trainee Program described in the job posting? *6 months*, *12 months*, *18 months*, *24 months*, *not specified*"; "Corporate seminars, which make up management training, are taught by top executives of the firm. *True* or *False*?"). For each

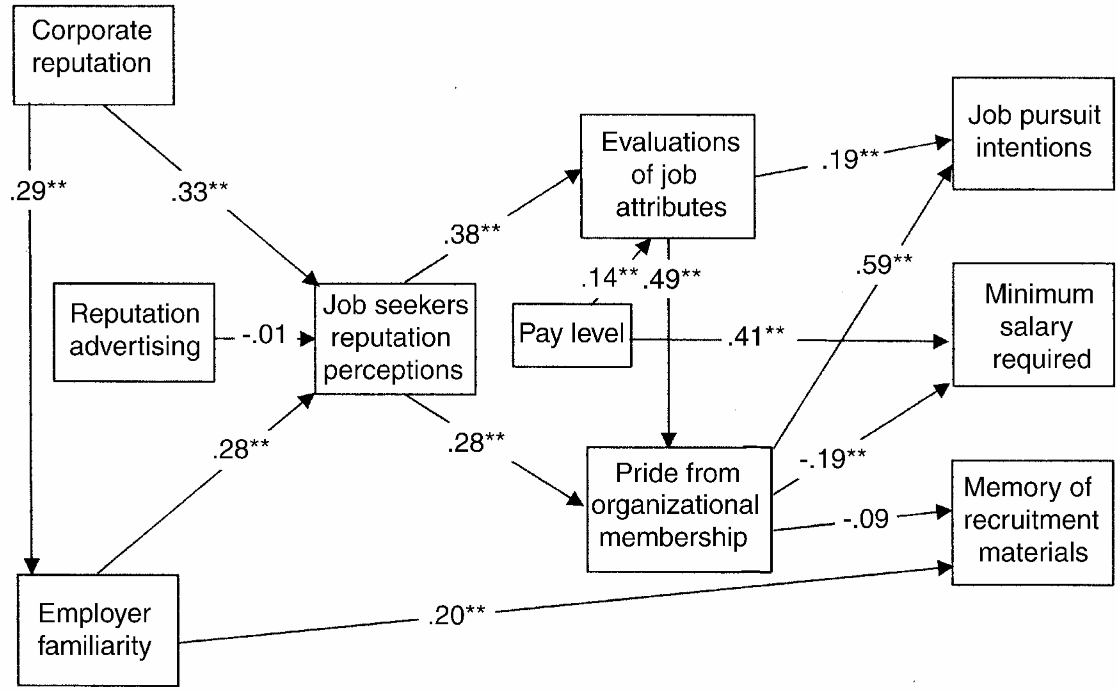

Figure 2. Maximum likelihood parameter estimates for the hypothesized model. $*p < .05$. $**p < .01$.

question, respondents' answers were coded (1 = correct, 0 = incorrect), and we summed the total correct answers to compute the variable.

Results

Means, standard deviations, and correlations among all variables are presented in Table 1. To test our hypotheses, we estimated a covariance structure model using LISREL 8 (Jöreskog & Sörbom, 1996), which allows researchers to model entire systems of relationships and to test alternative models. Note that while Figure 1 offers a visual guide to our hypotheses, Figure 2 provides the maximum likelihood parameter estimates and significance levels for the full set of relationships that we tested, including control variables.

Before discussing support for our specific hypotheses, it is important to evaluate the overall fit of the theoretical model to the data. Goodness-of-fit indexes at or above .90 and root mean square errors of approximation (RMSEAs) below .08 are believed to indicate acceptable fit (Browne & Cudeck, 1993; Medsker, Williams, & Holahan, 1994). In the present study, the hypothesized model provides a good fit to the data (normed fit index = .90, comparative fit index = .93, Incremental Fit Index [IFI] = .93, RMSEA = .07). Next, we discuss the substantive results from the model.

Table 1

Means, Standard Deviations, and Correlations Between Variables

Variable	*M*	*SD*	1	2	3	4	5	6	7	8	9
1. Corporate reputation	6.32	1.66	—								
2. Reputation advertising (1 = yes)	0.50	0.50	.01	—							
3. Recruitment reputation	3.50	0.53	.42	-.05	—						
4. Company familiarity	3.19	0.82	.34	-.03	.43	—					
5. Pay level (1 = high)	0.50	0.50	-.01	.00	-.03	-.03	—				
6. Perceptions of job attributes	3.73	0.50	-.06	.04	.40	-.02	.09	—			
7. Pride from membership	3.36	0.86	.06	-.01	.46	.05	.05	.57	—		
8. Job-pursuit intentions	3.41	0.91	.05	.01	.37	.07	.08	.51	.71	—	
9. Memory of recruitment materials	5.66	1.42	.10	.01	.06	.22	-.02	.06	-.04	-.02	—
10. Minimum salary required	$35,514	$7,659	.06	-.07	-.12	.01	.40	-.19	-.20	-.23	.01

Note. $N = 368$. Correlations greater than .14 are significant at the .01 level (two-tailed). For memory of recruitment materials, $N = 339$.

Hypothesis 1 suggested that corporate reputation would positively predict job seekers' reputation perceptions. As Figure 2 indicates, Hypothesis 1 was supported ($\gamma = .33$, $p < .01$), suggesting that there was a significant relationship between the *Fortune* rating provided by executives and reputation perceptions reported by job seekers. Hypothesis 2 also was supported by the data: Firms with more positive corporate reputations were more likely to be familiar to job seekers ($\gamma = .29$, $p < .01$). Hypothesis 3 received no support. As shown in Figure 2, reputation advertising (i.e., providing positive information about human resource philosophy) was unrelated to job seekers' reputation perceptions ($\gamma = -.01$). As predicted, job seekers' familiarity with organizations predicted their reputation perceptions ($\gamma = .28$, $p < .01$), thus supporting Hypothesis 4.

Both Hypothesis 5 and Hypothesis 6 received support: Reputation perceptions were positively related to job seekers' evaluations of job attributes ($\beta = .38$, $p < .01$), as well as the pride that they anticipated from organizational membership ($\beta = .28$, $p < .01$). Results also supported Hypothesis 7: Job seekers were more likely to expect pride from organizational affiliation when they perceived high-quality job attributes ($\beta = .49$, $p < .01$). Hypothesis 8 suggested that job seekers' perceptions of job attributes would be related to their job-pursuit intentions (thus revealing one path between job seekers' reputation perceptions and their job-pursuit decisions), and the results supported this hypothesis ($\beta = .19$, $p < .01$). The results also supported the link between pride from organizational membership and job-pursuit intentions, confirming the second hypothesized path between job seekers' reputation perceptions and their job pursuit, thus supporting Hypothesis 9.

The results supported Hypothesis 10, which suggested that the pride job seekers expect from organizational membership would negatively affect the minimum salary required to accept a position ($\beta = -.19$, $p < .01$). Hypothesis 11, which proposed that individuals would accurately recall more information from recruitment materials when corporate familiarity was high also was supported ($\beta = .20$, $p < .01$). Contrary to Hypothesis 12, however, the link between pride from organizational membership and memory of recruitment materials was insignificant ($\beta = -.09$, $p > .05$). Finally, the results indicate that pay level affected job seekers' evaluations of job attributes ($\beta = .14$, $p < .01$), as well as the minimum salary they would require to accept the job ($\beta = .41$, $p < .01$).

Discussion

Although there has been little attempt to bridge the recruitment and marketing research literatures, marketing and recruitment are analogous in that both functions help organizations to attract a limited market of individuals by communicating images and reputations (Maurer, Howe, & Lee, 1992). Thus, we used the brand-equity perspective to theorize a model investigating the antecedents and outcomes of job seekers' reputation perceptions. The results indicate that corporate reputation and corporate familiarity influenced job seekers' reputation perceptions. Reputation perceptions, in turn, influenced job seekers' perceptions of job attributes and expected pride from organizational membership, which in turn influenced job-pursuit intentions and the minimum salary required. Thus, our study provides some initial data concerning how reputation influences recruitment outcomes.

Just as consumers are more attracted to products with positive brands because they make inferences about the quality of the product attributes and they gain self-esteem by associating themselves with good brands (Dick, Chakravarti, & Biehal, 1990; Keller, 1993), our results suggest that job applicants are more likely to pursue jobs at firms with positive reputations because (a) they use reputation to make inferences about job attributes, and (b) they expect more pride from membership. Although some previous evidence has suggested the importance of reputation in job-pursuit intentions (Belt & Paolillo, 1982; Gatewood et al., 1993), our results extend the literature because they help to explain why reputation matters to job seekers. More specifically, by investigating the role of expected pride in membership, our results delineate the theoretical processes that link firms' reputations to applicants' job-pursuit decisions. Future research might extend our study by investigating whether these theoretical mechanisms also exist at later stages in the recruitment process (e.g., campus interviews, site visits).

Another important extension to the literature base was including minimum salary required as a recruitment outcome. We found that applicants are willing to pay premiums to accept jobs at certain firms because individuals value the pride that they expect from membership in reputable firms. To examine how much reputation and membership pride was worth to job seekers, we conducted a t test of the difference between the minimum salary demanded by individuals whose reputation perceptions were below the mean versus those whose reputation perceptions were above the mean. The difference was \$1,918.00 ($p < .01$), indicating that, on average, individuals are willing to accept roughly 7% less salary to take an identical job at a firm with a positive reputation than a firm with a negative reputation. One implication of these results is that reputations can help firms to attract applicants to a given job with less salary than firms with poor reputations. Although future research is necessary, these results also imply that organizations with positive reputations can make the same level of financial investment in salaries, but attract better applicants.

Although firms engage in various recruitment activities to influence potential applicants' familiarity with the firm, surprisingly little research has investigated the effects of firm familiarity (Turban, 2001). We extended previous research and found that potential job seekers remembered more information accurately from job postings of more familiar versus less familiar firms. This finding is important because firms that can transfer more information in fewer advertisements maximize the returns on their recruitment investments. Moreover, in order for recruitment advertisements to influence applicants' future behaviors, applicants must remember the advertisements. Thus, our results suggest that future researchers should expand the criteria of recruitment effectiveness to include the efficiency in relaying information to potential applicants.

It is important to note that our experimental design ensured that the presented job information was identical across firms, and that individuals could not have scored higher on the memory test simply because they already knew the information about the firm. Rather, our results indicate a true memory effect for more familiar firms. Conversely, our results did not support the hypothesized relationship between pride from membership and memory of the job advertisement. Because familiarity is probably easier for firms to manage than their reputations or individuals' pride from membership, increasing familiarity may be a cost-effective way for many firms to increase the returns from their recruitment investments (Rynes, 1991).

Somewhat surprisingly, our results reveal that reputation advertising in recruitment advertisements did not affect the reputations of actual companies, contrary to the results from past investigations of fictitious companies (Schwoerer & Rosen, 1989; Williams & Bauer, 1994). In retrospect, this null result is perhaps not surprising in light of the fact that actual firms' reputations are built on a history of past activities, accomplishments, and advertising, and it likely requires more than a single recruitment advertisement to alter an existing reputation (Keller, 1993). Furthermore, most participants were somewhat familiar with the firms in our study, and applicants who are familiar with a firm may not be as influenced by reputation advertisements as applicants who base their initial impressions of the firm on an advertisement, although this is an empirical question awaiting research. Furthermore, because much of the research investigating recruitment advertisements used fictitious companies (Barber, 1998), additional research is necessary to investigate whether actual firms' reputations are altered by recruitment advertisements. Additionally, future research is needed to determine whether the reputations of actual organizations can be influenced by more numerous or more salient recruitment interventions (e.g., interviews, information sessions).

A final issue that we examined in this study is the relationship between corporate reputation (e.g., *Fortune* ratings) and job seekers' reputation perceptions. At the firm level, Gatewood et al. (1993) found that the relationship between corporate reputation and job seekers' reputation perceptions was positive but insignificant ($r = .25$, $p > .05$). The present study both confirms and extends the results found by Gatewood et al. (1993). Using structural equation modeling and a much larger sample, results from our study indicate that the direct relationship between corporate reputation and job seekers' reputation perceptions was .33 ($p < .01$), an effect size that is comparable to that found by Gatewood et al. Furthermore, our results reveal that corporate reputation was indirectly related to job seekers' reputation perceptions through an effect on corporate familiarity ($\beta = .29$, $p < .01$). Finally, note that the relationship between corporate reputation and job seekers' reputation perceptions, while significant, is far from unity. Thus, job seekers may apply different criteria than corporate executives when evaluating organizational reputation, and it would be interesting for future research to examine the unique determinants of different constituents' reputation perceptions (e.g., job seekers, consumers, corporate executives).

There are several limitations in this research that should be acknowledged. First, we only examined firms with *Fortune* reputation ratings, and we deliberately chose to investigate firms that we believed would be at least somewhat familiar to individuals. Thus, our selection of firms placed floor effects on familiarity and may have limited the relationships that we found between familiarity and other variables. Although our selection of firms with at least minimum familiarity probably is representative of the firms appearing at most college recruitment offices, and although substantial variance in familiarity existed in our data ($M = 3.19$, $SD = 0.82$), it would be interesting for future research to examine the effects of familiarity when the range was not restricted, although it may be difficult for participants to evaluate the reputations of firms with which they are not familiar (e.g., start-up firms).

Another limitation of this study is that we only examined the relationship between the *Fortune* ratings and job seekers' reputation perceptions. Although the *Fortune* ratings are well-known and widely referenced (Fombrun & Shanley, 1990), and investigating the *Fortune* ratings improves the comparability of our results with past research (Gatewood et al., 1993), it would be interesting for future research to compare job seekers' reputation perceptions with other constituents' reputation perceptions. It also would be interesting to relate consumers' brand perceptions with job seekers' reputation perceptions to see whether brands provide a signal to potential job seekers about working conditions in the firm.

The extent to which our results will generalize to other samples is unknown, because we collected data from students who will be new labor-market entrants. As noted by scholars, college recruitment is a major source of hiring new labor-market entrants, and firms devote considerable resources to improving their reputation on college campuses (Breaugh, 1992; Rynes, Orlitzky, & Bretz, 1997). Nonetheless, college students may react differently to job posting than do more experienced workers, although this is an empirical question awaiting subsequent research.

Finally, this investigation collected data on multiple variables at one time, so that it is not possible to ascertain the causal sequencing of the variables. Although we presented logical and theoretical arguments for the relationships, it is possible that some of the arrows depicted in Figure 1 should be two-headed arrows. For example, although marketing theory suggests that familiarity affects reputation perceptions (Aaker, 1991; Keller, 1993), it is possible that reputation perceptions also affect familiarity. Future research is needed to confirm the directionality of the relationships.

The limitations of this study are offset by several strengths. First, we took steps to maximize the realism and generalizability of the study while retaining the clear advantages of an experimental design. Thus, we used relevant average pay levels and pay variability calculated based on placement office records of recent salary offers, and we tried to maximize the realism of the job posting and the reputation advertising manipulation by using text downloaded directly from actual job postings on the Internet. We also improved the realism and generalizability of the study by examining a diverse set of actual firms in four different industries, and by manipulating reputation with firms' actual logos in color at the top of the job posting. In general, our manipulations were consistent with the majority of job postings for actual companies, increasing the external validity of our experimental results.

Another important strength of this study is the integration of the recruitment and brand-equity literatures. Our experimental design paralleled the brand-equity approach of examining the incremental value added to a product (job) solely as a result of the brand (organization) name. The brand-equity perspective motivated hypotheses about why reputation should be valuable to job seekers, and suggested important new criteria for evaluating the effectiveness of recruitment investments from an organizational standpoint (e.g., memory of recruitment materials, minimum salary).

In addition to the theoretical importance of understanding why organizational reputation is valuable to job seekers and organizations, recruitment managers can use the brand-equity approach to gain a more realistic perspective on the value proposition that they are offering to applicants during recruitment, and their positioning relative to competitors. Firms also may improve the utility of their recruitment interventions if they first increase their familiarity among job applicants. Consistent with Fombrun's (1996) recommendations, our results suggest that recruitment managers should conduct reputation audits in order to identify their organizations' familiarity and reputation positioning among targeted-group job seekers.

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