

WORKING PAPER SERIES

The "Deal" Pilot Study Results: Preliminary Report

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**The "Deal" Pilot Study Results:
Preliminary Report**

A study by:

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There has been an explosion of interest in the changing relationship between employees and employers, sometimes referred to as the "Deal." There is widespread agreement between researchers and practitioners that a new deal is evolving which has important implications for the management of employees. However, fundamental issues regarding the nature of the new deal have not been investigated:

- What is the new deal and what are the important components?
- Do employers and employees (or job seekers) share a similar understanding of the terms of the new deal?
- Where do employees and job seekers get their understanding of the employment deal?

The primary purpose of this research was to begin exploring these fundamental issues.

Ms. Kate O'Brien provided assistance in the data collection and data analysis. Ms. Lori Miller provided assistance in designing and producing this report.

Research Supported by CAHRS

This report has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of research, conferences, and projects available to others interested in human resource management in preliminary form to encourage a discussion and suggestions.

<http://www.ilr.cornell.edu/cahrs>

Study Method

A sample of Cornell students and campus recruiters completed a survey that assessed their views of the employee-employer exchange relationship. Respondents were asked questions about 81 specified employee and employer responsibilities.

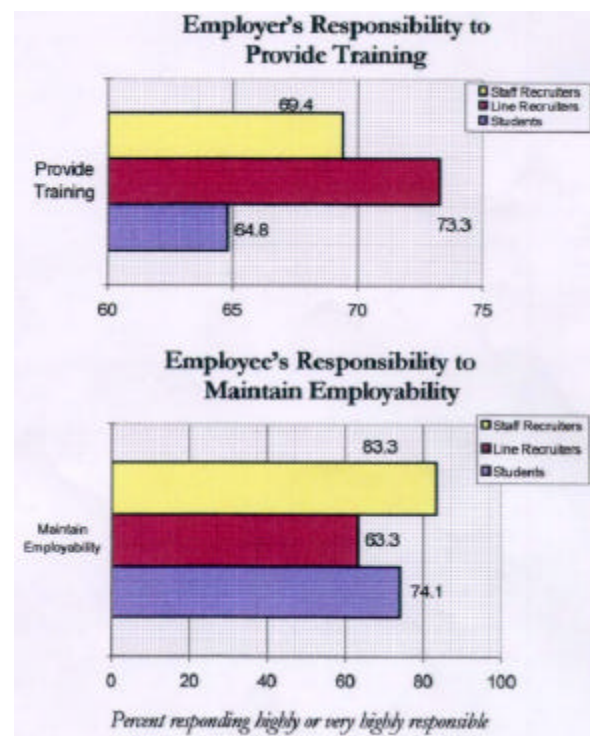
Respondent Profile

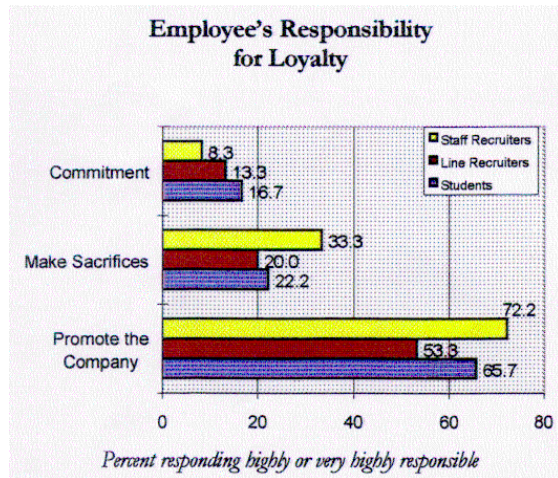
Surveys were completed by 108 students and 67 recruiters. The students were from the Engineering, Hotel, Johnson, Business Agriculture, and the ILR Schools, who were currently undergoing or had recently undergone the job search process. Seventy of the student respondents were undergraduates, 55 were female, and their average age was 23. Twenty-six of the recruiter respondents were female. The average recruiter was 36 years old and had been employed by their current employer for 7.2 years. Thirty-six were HR staff recruiters, and the remaining recruiters were from functional areas outside HRM ("line" recruiters).

A Summary of the Study's Findings

- The concept of "employability" is a key component of students' and recruiters' views of employer-employee responsibilities.

Students and recruiters agree that employers are responsible for providing training and development opportunities that will maintain or enhance employees' career related knowledge and skills. In fact, employers' duty to provide training and development was rated significantly higher by both students and recruiters than any other group of employer responsibilities other than the core responsibilities. Students and recruiters also agree that employees are responsible for taking advantage of those opportunities to maintain or enhance their employability.



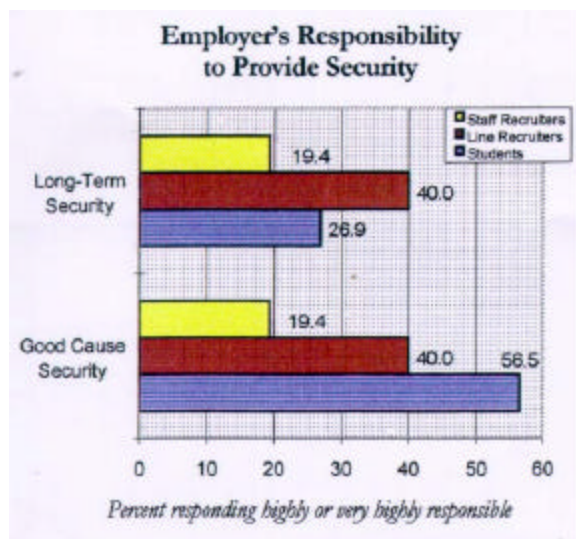


- There is agreement that long-term job security is not an employer responsibility.

BUT ...

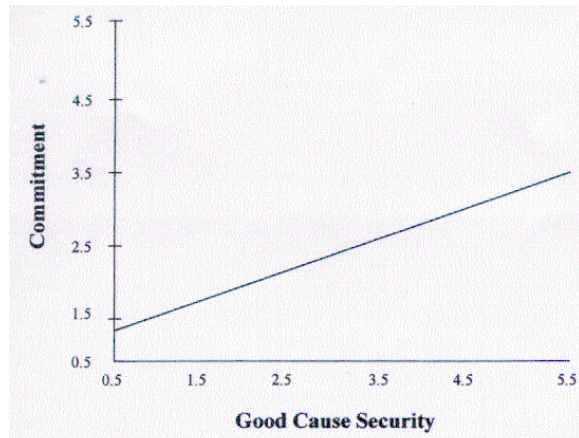
- Despite employment-at-will, there is strong perceived employer responsibility to provide security from arbitrary discharge.

Two aspects of job security were investigated. First, we looked at employers' responsibilities to provide long-term security. Students and recruiters rated this responsibility significantly lower than any other employer responsibility. We also looked at employers' responsibilities to have good reasons for employment termination (i.e., security from arbitrary discharge). Here, students and line recruiters rated the employers' responsibility significantly higher than the staff recruiters' rated this responsibility. This is consistent with other research which found that despite their employer's explicit at-will policies, employees from a variety of organizations overwhelmingly believed that their employer was "highly obligated" to have good reasons for discharging them. The fact that staff recruiters, when compared to students and line recruiters, believed that employers have significantly less responsibility in this area might be due to greater familiarity with the employment at will legal doctrine among HR staff recruiters, or perhaps their greater first hand experience conducting workforce reductions.

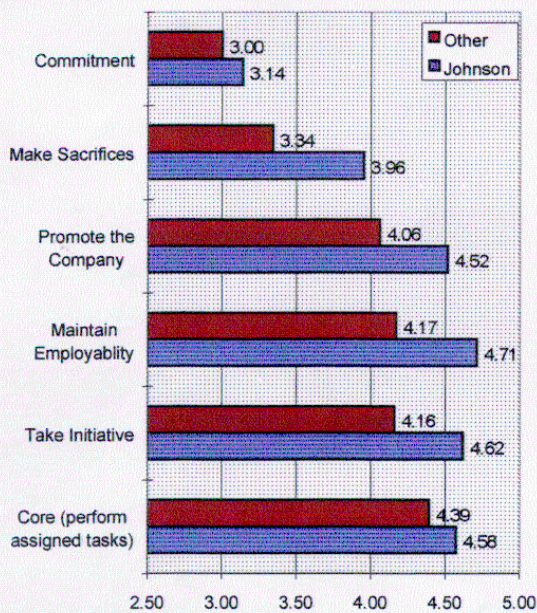


- Loyalty is not dead, but it is changing.

We examined three aspects of loyalty: employees' responsibilities to promote or defend the organization, make sacrifices, and remain with the organization (commitment to stay). Both students and recruiters believed that employees have little responsibility to remain with their employer in the face of alternative offers. Staff recruiters gave lower ratings to this responsibility than students or line recruiters. However, both groups equally felt that employees have a higher responsibility to promote or defend the organization and make sacrifices.



Employee Responsibility by School



This bar graph indicates mean responsibility ratings: (1=not at all responsible; 2=slightly responsible; 3=moderately responsible; 4=highly responsible; 5=very highly responsible)

- **Commitment goes hand in hand with job security.**

Does lower job security undermine employee commitment to stay with the organization? Present findings suggest that there is a significant, relatively strong relationship between perceived job security obligations and employee commitment to stay with the organization. The more a person believed that the employer was responsible for job security, the more they believed that employees' have responsibility to stay with the organization. Is it *inevitable* that lower job security will result in lower employee commitment? The present data cannot answer that question, but they give employers reason to be concerned.

- **Business students' beliefs were significantly different from other students' beliefs.**

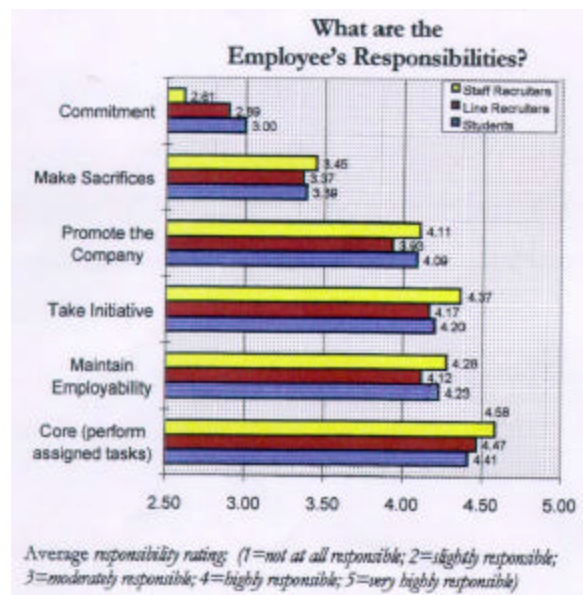
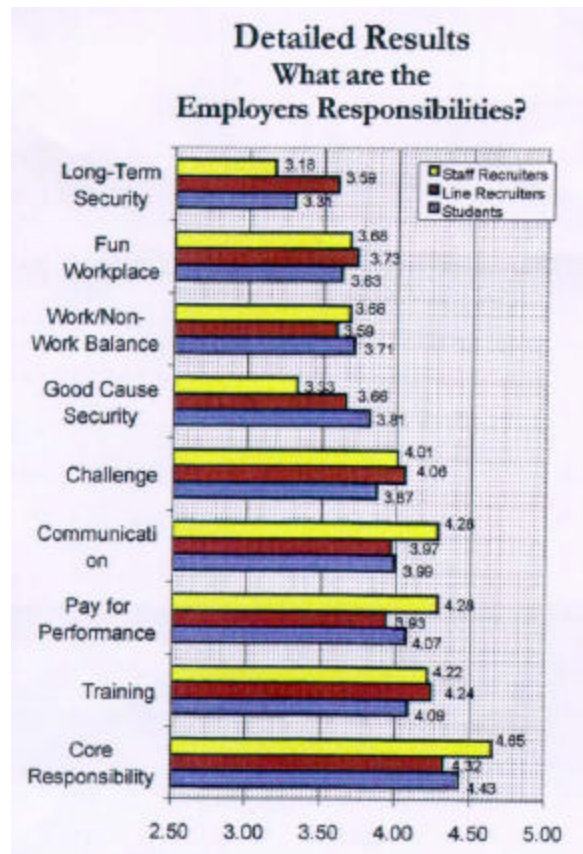
The pattern of student responses across colleges was similar, but the Johnson Business School students' beliefs regarding employee responsibilities was a clear exception. Johnson School students rated five of the six groups of employee responsibilities significantly higher than other students. They also rated employer responsibility of job security somewhat lower. These findings cannot be explained by differences in average age and work experience between the two groups. Perhaps this pattern reflects a "management orientation," -employees should give a lot, but employers needn't guarantee security.

- **Women and men hold similar views of the "Deal."**

In both the student and recruiter samples, there were no significant differences between women and men.

- **Line recruiters' view of the "Deal" is more closely aligned with students' view than the stag recruiters' view.**

Compared to line recruiters, both staff recruiters and students rated employers as having significantly less responsibility to provide job security, but more responsibility to provide two-way communication and contingent pay.



Looking to the Future ... The Need to Dig Deeper

- Look beyond recruiters and students.

The present exploratory findings raise a number of questions. The significant differences that were found between staff recruiters and students, line and staff recruiters, and the Johnson Business school students and the other students, suggest that it may be simplistic to talk about "the" new deal. The fact that recruiters are the organization's interface with college job seekers means they might be expected to view the new deal more similarly to students than the typical manager. Greater difference in employees' understanding of the new deal might be found if a broader range of job seekers, employees, and managers are compared.

- How do people learn about the "Deal?"

Differences between line and staff recruiters were unexpected and highlight the need to investigate how individuals come to understand the employment relationship. For example, compared to students and line recruiters, staff recruiters believed that employees' have less responsibility to remain with the organization, and, that employers have less responsibility to guard against arbitrary discharge. Do staff recruiters' beliefs reflect more awareness of what the new deal is *said* to involve, or is their understanding a more accurate reflection of the "Deal" their organization is offering?

- Have important components of the "Deal" been ignored?

We focused on specific elements of the "Deal" (e.g., training opportunities, long-term job security) based on the relevant research and professional literatures. These descriptions are mostly based on anecdotes. Few attempts have been made to systematically explore the areas of exchange that are of greatest relevance. Are there important terms of the new employment relationship that current literature has failed to identify (particularly as it relates to student job seekers)? Would new findings emerge if new questions were asked in new ways?