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RESEARCH ARTICLE

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# Nowhere to grow: Ranking success and turnover composition in elite employers

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## Summary

The rankings literature implicitly assumes that rankings success universally benefits organizations. However, in some instances, this assumption may be unwarranted. In this study, we employ a mixed-methods approach that moves the literature beyond examining *whether* employees leave, to examine *who* leaves elite Best Places to Work (BPTW), defined as organizations which place in the top 10 in BPTW rankings perennially (i.e., year after year). In Study 1, examination of elite BPTW organizations shows that proportions of voluntary turnover comprising high performers increase over associated BPTW ranking cycles. Study 2 commences with 40 semistructured interviews among employees in an elite BPTW organization, from which two relevant and explanatory themes emerge. First, some employees interpret BPTW success as restricting opportunities for advancement within the organization, a phenomenon we term "perceived promotion constraint." Second, some employees perceive BPTW success as building their own personal resumes. Integrating our findings from Study 1 and the qualitative portion of Study 2 with the career management literature, we propose and deductively test "perceived promotion constraint" and "perceived resume building" as two potential high performer turnover mechanisms, finding that perceived promotion constraint mediates the relationship between performance status and turnover intentions.

**KEYWORDS**
career management, dysfunctional turnover, high performers, rankings, third party employment branding

## 1 | INTRODUCTION

Scholarly interest in organizational rankings, while still nascent, is evolving into a robust field of research inquiry (Rindova et al., 2018). Once merely a methodological proxy for reputation (Clardy, 2012; Fombrun & Shanley, 1990), rankings research now enjoins multiple disciplines including sociology (Sauder, 2006; Sauder & Espeland, 2009), strategic management (Bermiss et al., 2014; Rindova & Fombrun, 1999), organizational behavior (Brooks et al., 2003; Elsbach & Kramer, 1996), and human resource management (Dineen & Allen, 2016; Fulmer et al., 2003). While organizational rankings and ranking systems are not without controversy, (Elsbach & Kramer, 1996; Espeland & Sauder, 2007; Sauder, 2006), the idea that ranking success is universally beneficial for organizations remains a fundamental, though unsubstantiated, axiom within the rankings literature (Rindova et al., 2018). In this paper, however, we ask whether this assumption is limited by examining a critical "Best Places to Work" (BPTW) ranking competition outcome.

Research has demonstrated a relationship between BPTW rankings success and lower subsequent organizational turnover (Dineen & Allen, 2016). However, neither research nor theory has effectively addressed voluntary turnover *composition* following successful BPTW rankings nor the mechanisms by which successful BPTW rankings impact turnover composition. This is unfortunate, as research

regarding the relationship between voluntary turnover and organizational performance has increasingly demonstrated that turnover composition is as important, if not more important, than raw voluntary turnover rates (Hausknecht, 2017; Hausknecht & Holwerda, 2013; Nyberg & Ployhart, 2013). Talent density—or the percentage of high performers working for an organization—can substantially impact work climate and organizational performance (Hastings & Meyer, 2020). For example, a 20-person organization with 4 high performing employees will likely feel the loss of 2of those high performers more than a 100-person organization that loses 5 of its top 20 performers, due to higher overall losses in talent density (50% loss compared with a 25% loss, respectively). Additionally, research indicates that functional turnover, or turnover in which a higher proportion of those leaving is comprised of average and poor performers, often leads to improved organizational performance despite the costs associated with replacing departing employees (Shaw et al., 2009).

We focus specifically on the proportion of voluntary turnover comprising high performers and on the experiences of organizations ranked as elite BPTW (hereafter referred to as "elite BPTW" or "elite BPTW organizations"). We define elite BPTW as organizations that perennially (i.e., year after year) place in the top 10 in BPTW rankings. Drawing on the talent management and careers literatures, we develop two competing hypotheses regarding the effects of perennial BPTW ranking success on proportions of voluntary turnover comprising high performers (herein termed "high performer turnover rates"). While social exchange theory (Cropanzano & Mitchell, 2005) suggests high performer turnover rates will decrease across perennially successful rankings, the career management literature (Bidwell et al., 2015; Bozionelos & Baruch, 2015) suggests that high performer turnover rates may increase. We test these hypotheses longitudinally within a sample of elite BPTW organizations over a four-year period. Finding support for the career management perspective in Study 1, we employ a mixed-methods research strategy in Study 2 within one exemplary elite BPTW organization, commencing with 40 employee interviews, to explore potential mechanisms by which elite BPTW organizations experience increased high performer turnover rates across consecutive successful BPTW ranking cycles.

This research contributes to the management literature in three important ways. First, it provides a more nuanced and in-depth test of the notion that successful rankings universally benefit organizations. While scholars have long questioned the credibility of rankings (Brown & Perry, 1994) and demonstrated how the need to endlessly compete in ranking competitions can be stressful and thus negatively impact organizations and industries (Espeland & Sauder, 2007; Espeland & Stephens, 1998; Sauder, 2006), the rankings literature so far has conceptualized successful rankings as generally beneficial for organizations (Rindova et al., 2018). By focusing on elite BPTW organizations both qualitatively and quantitatively, our analysis of the relationship between recurring BPTW ranking success and high performer turnover rates tests the limits of this assumption, providing a more comprehensive understanding of the potential outcomes associated with ranking success.

Second, this research extends employment branding theory by examining rankings as an additional third party signal perceived by organizational audiences (Dineen et al., 2019). Rooted in signaling theory (Connolly et al., 2011; Lievens & Slaughter, 2016; Rynes et al., 1991; Spence, 1973), third party employment branding theory posits that the credibility and comparability of BPTW rankings creates powerful signals regarding organizations' superior employment offerings, relative to other organizations (Dineen & Allen, 2016). These signals enhance the attraction and retention of talent, inducing competitive human capital advantages for successfully ranked organizations (Dineen & Allen, 2016).

Yet, Lievens and Slaughter (2016) argue that employment branding signals are too infrequently examined, leading to an overuse of signaling theory without clearly examining the signals transmitted by successful rankings (see Jones et al., 2014 for a notable exception). By examining turnover composition among elite BPTW organizations and then testing mechanisms by which ranking success is associated with increased high performer turnover rates (and by extension, talent density), we explore alternative and unintentional signals which employees may derive from repeated organizational ranking success. This challenges previously undertheorized relationships between successful third party employment branding and current and prospective employee perceptions (Lievens & Slaughter, 2016). Thus, we further extend the employment branding literature—which has largely attended to recruitment outcomes such as applicant pool composition (e.g., Collins & Han, 2004; Dineen et al., 2019)—by exploring voluntary turnover composition among organizations that build strong employment brands.

Third, these studies contribute to our understanding of high performer retention and turnover by exploring potential reasons why high performers voluntarily leave or choose to stay. High performing employees represent a subgroup which is both theoretically and practically meaningful (Cappelli & Keller, 2014; Maltarich et al., 2010). While scholars have conjectured that high performers are especially likely to voluntarily leave for better opportunities (Bozionelos & Baruch, 2015; Cappelli & Keller, 2014), very little is known about the causes of high performer turnover (Cappelli & Keller, 2014). By exploring hypothesized relationships between successful BPTW rankings and increased high performer turnover rates—and by exploring potential explanatory mechanisms—we begin to address the "black box" by which organizational ranking success impacts high performer retention and turnover.

## 2 | RANKINGS AND THIRD PARTY EMPLOYMENT BRANDING

Organizational rankings have become a particularly potent form of reputation and brand management (Rindova et al., 2018). Relying on macro-cognitive reputation formation processes (Ravasi et al., 2018), ranking entities aggregate diverse information and opinions from multiple sources into orderly, organized, and ordinal lists, "crystallizing reputations into visible comparative orderings" (Rindova et al., 2018:

2183). Successful rankings signal otherwise intangible organizational characteristics to both internal and external audiences, enhancing organizational resources (Espeland & Sauder, 2007), expanding opportunities for interorganizational collaboration (Park & Rogan, 2019), and improving key organizational outcomes, such as employee retention (Dineen & Allen, 2016).

BPTW rankings represent a particularly popular form of third party employment branding (Theurer et al., 2018). Anchored in the employment branding literature—which integrates theory from human resource management and marketing to explain organizations' efforts to convey that which differentiates their employment offerings from those of other employers (Cable & Turban, 2001, 2003; Gardner et al., 2011; Lievens & Slaughter, 2016)—third party employment branding is defined 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" (Dineen & Allen, 2016: 91). Traditionally, employment branding theory has articulated how certain recruitment strategies signal the quality of an organization's employment offerings to prospective employees (Rynes & Barber, 1990), while third party employment branding explains how communications or claims initiated by external parties signal the quality of organizations' employment offerings relative to those of other organizations (Lievens & Slaughter, 2016). *Fortune* is generally credited with publishing the first nationally recognized BPTW ranking—titled "Best Companies to Work For" (Fortune, 2020)—in 1998. However, within a few short years, additional ranking entrepreneurs (i.e., individuals or companies that propagate ranking competitions; Rindova et al., 2018) developed other employment-based rankings at city, state, and industry levels (Best Companies Group, 2020). Today, employment platforms such as Glassdoor and LinkedIn publish rankings, while *Forbes* has recently started publishing more targeted rankings such as "America's Best Employers for Diversity," "America's Best Employers for Women," and "America's Best Employers for New Grads" (Forbes, 2020).

A major draw of BPTW rankings is their associated media exposure and attention (Carvalho & Areal, 2016; Theurer et al., 2018). Successful rankings often signal organizations' employment brands to individuals whom those organizations would not otherwise be able to reach. Furthermore, Dineen and Allen (2016) explain that the potent signaling effects of BPTW rankings derive from credibility and comparability. Drawing on Gardner et al.' (2011) assertion that effective employment branding requires legitimacy or authenticity, Dineen and Allen (2016) theorize that BPTW rankings bestowed by independent third parties lend credibility to organizations' self-descriptions as great places to work. Comparability, which refers to audiences' ability to differentiate employment brands among a number of similar and dissimilar organizations (Dineen & Allen, 2016), is equally important to BPTW ranking potency. Such differentiation is essential in the employment branding process (Gardner et al., 2011), as brands are most effective when they can be favorably compared with those of competitors (Collins, 2007; Collins & Kanar, 2014). Research demonstrates that BPTW success is associated with advantages such as higher application likelihood (Saini et al., 2014), greater employee engagement (Love & Singh, 2011), organizational growth (Love & Singh, 2011), improved HR reputation (Joo & McLean, 2006), and superior financial performance (Fulmer et al., 2003).

## 2.1 | BPTW rankings and turnover composition

Perhaps the most salient benefits associated with successful BPTW rankings are their purported impacts on the attraction and retention of talent. Successfully ranked BPTW organizations publicize their ranking success, clearly signaling to both prospective and current employees that their employment offerings are superior to those of their competitors (Dineen et al., 2019). As shown in Dineen and Allen's (2016) study, BPTW ranking success is associated with improved applicant pool quality in small organizations, and lower overall voluntary turnover in organizations of all sizes, further supporting the idea that well-branded organizations are better able to attract and retain talent.

The rankings literature in general—and the third party employment branding literature in particular—remain nascent, and there is great need to further develop and test sound theory in both areas. For example, while we know that successful BPTW rankings lead to decreased voluntary turnover (Dineen & Allen, 2016), we do not yet know whether it differentially influences high performer turnover. As highlighted in the turnover literature (Abelson & Baysinger, 1994; Hausknecht & Holwerda, 2013; Nyberg & Ployhart, 2013), turnover composition—rather than amount—may be the most accurate way to assess turnover impact on organizational success (Dess & Shaw, 2001; Kwon & Rupp, 2013; Shaw et al., 2009; Shaw & Gupta, 2007). While "functional" turnover, which refers to turnover among poor and mediocre performers, may actually help an organization (Dalton et al., 1981), dysfunctional turnover—which refers to turnover primarily comprising high performers—is often significantly detrimental to organizational functioning and success (Nyberg & Ployhart, 2013). The key difference is best labeled as talent density, which refers to the percentage of high performers that work for an organization. For example, Hastings and Meyer (2020) argue that high talent density was key to developing the climate for innovation at Netflix necessary to revolutionize the entertainment industry. Thus, our research centers primarily on the potential impact of perennial top 10 BPTW rankings on turnover composition—specifically, high performer turnover rates—in elite BPTW organizations. Because of differing theoretical and conceptual perspectives related to our research question, we propose competing hypotheses regarding BPTW ranking success and high performer turnover rates, relative to total voluntary turnover.

## 2.2 | Turnover composition hypotheses

According to social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005), organizations can limit voluntary turnover by strengthening exchange relationships with employees through their

employment offerings. While some organizations focus on maximizing employee contributions, others invest significantly in employees' development and expected outcomes (Shaw et al., 2009). Investing in employee development and expected outcomes engenders greater levels of commitment and performance among employees, due to employees' perceived obligations to reciprocate organizational investments they have received (Tsui et al., 1997). Elite BPTW organizations, as evidenced by their perennial ranking success, typically invest heavily in employees, creating more than a mere transactional relationship with them (Shaw et al., 2009; Tsui et al., 1997). Consequently, perennially successful BPTW rankings likely signal to employees the relative superiority of their organizations' employment offerings and investments, influencing employees to remain with the organization (Dineen & Allen, 2016).

While superior employment offerings and investments likely entice all employees, their retention effects may be even more pronounced among high performers. High performers typically have more career opportunities available outside of the organization (Cappelli & Keller, 2014), and they usually possess high levels of self-efficacy regarding their likely performance in new organizational settings (Call et al., 2015; Maertz & Campion, 2004). Consequently, high performers enjoy increased ease of movement from one organization to another, relative to average and poor performers (Jackofsky, 1984; Trevor, 2001), and are at greater risk for voluntary turnover than their lower performing colleagues (Lee et al., 2008).

However, exceptional employment offerings and investments—especially in comparison to those offered by competitor organizations—may encourage a greater number of high performers to remain committed to the organization, as employee investment may engender goodwill (Dore, 1983) among high performers, leading high performers to reciprocate by eschewing career-enhancing opportunities outside of the organization. Thus, while elite BPTW status is likely to enhance goodwill and commitment among all employees, retention attributable to employee goodwill and commitment may be more pronounced among high performers, who otherwise enjoy greater ease of movement and are at higher risk for voluntary turnover (Jackofsky, 1984; Lee et al., 2008).

> **Hypothesis 1.** In elite BPTW organizations, high performer turnover rates will decrease over consecutive successful rankings.

However, perennial BPTW ranking success may transmit alternate, unintentional signals to employees. In some instances, employees may perceive BPTW ranking success as personally beneficial and may interpret successful organizational rankings as the perfect opportunity to test the job market for career-enhancing opportunities. High performers may be particularly susceptible to these unintentional signals. Signaling theory (Connolly et al., 2011) indicates that—in contexts where limited information is available—individuals may signal their employability to prospective employers through their current affiliation with highly reputable organizations. Research demonstrates that high performers are often particularly able to leverage organizational reputations for personal, career-enhancing opportunities outside of the organization (Bidwell et al., 2015). Therefore, the reputation enhancements and publicity associated with perennially successful rankings experienced by elite BPTW organizations may encourage high performers to re-enter the job market prematurely.

In other instances, perennial elite BPTW status may seem less welcoming to employees seeking opportunities for advancement within an elite BPTW organization, who perceive the rankings as diminishing the likelihood that employee attrition will provide opportunities for advancement. The literature suggests that fewer opportunities for advancement within an organization may disproportionately affect voluntary turnover among high performers (Bozionelos & Baruch, 2015; Cappelli & Keller, 2014; Slocum et al., 1985), as high performers are often more conscientious (Barrick & Mount, 1991) and attentive to personal career development (Goldberg, 1993) than their nonhigh performing counterparts. Thus, perennial BPTW success may unintentionally signal to high performers that opportunities for advancement will be scarcer due to lower organizational turnover and may encourage high performers to voluntarily leave the organization for career-enhancing opportunities.

> **Hypothesis 2.** In elite BPTW organizations, high performer turnover rates will increase over consecutive successful rankings.

## 3 | STUDY 1

### 3.1 | Methods

To test our competing hypotheses regarding the relationship between BPTW ranking success and high performer turnover rates in elite BPTW organizations, we commenced with a quantitative study using unique longitudinal data comprising elite BPTW organizations. While year-to-year rankings are likely to affect organizations and the people associated with them, reputation development typically requires consistent results over time (Rindova et al., 2006, 2018). This implies that thoroughly understanding successful ranking effects requires examining organizations across multiple years. As such, longitudinal analysis is particularly effective in measuring potential long-term relationships between variables such as organizational rankings and organizational outcomes. For this reason, we specifically examine turnover composition as a function of consecutive BPTW top 10 rankings.

The second author obtained data from an independent ranking entrepreneur, an organization that specializes in creating and sponsoring annual city-, regional-, state-, and industry-level BPTW competitions. To become eligible, organizations pay a $600–1200 entry fee to this ranking entrepreneur, and a member of the top management team—usually a human resources officer but occasionally the CEO[1]—completes an extensive survey regarding organizations' HR practices and employee outcomes, such as work-life policies, employee benefits,

and voluntary turnover. Though not included as part of the ranking algorithm, this survey also includes turnover composition items pertinent to our study. After organizations submit the completed survey to the ranking entrepreneur, the ranking entrepreneur disseminates an employee survey to a random sample of employees in each competing organization. Through this survey, employees anonymously rate facets of the organization, such as its culture and physical work environment. Thereafter, the ranking entrepreneur analyzes the data (with the employer survey weighted 25% and the employee surveys weighted 75%) and determines which organizations are certified (ranked)—as well as their rank ordering—for each competition annually.

Only a subset of companies pay to participate qualify for a ranking. To qualify, large organizations must have at least 40% of their employees submit employee surveys, while organizations with 20 or less employees must have at least 80% of their employees submit surveys. All entrants—whether ranked or not—receive an extensive feedback report from the ranking entrepreneur. Additionally, we note that BPTW competitions are typically voluntary, and many organizations choose not to participate, potentially calling into question the objectivity and representativeness of competition results. However, the rankings seem to have a notable effect on the perceptions of internal and external audiences, regardless of their pure objectivity. Dineen and Allen (2016) found that BPTW rankings impacted subsequent voluntary turnover, even when controlling for changes in size, fluctuations in the job market, and potential changes in human resource offerings, indicating a more likely relationship between BPTW rankings and voluntary turnover. Therefore, rather than focusing on BPTW ranking objectivity, we instead focus on outcomes associated with the aura of credibility derived from BPTW rankings.

In this study, we characterize organizations as elite when they (1) achieve top 10 BPTW rankings and (2) do so perennially, which we define as garnering a top 10 ranking every year included in the dataset. We use the top 10 distinction for two primary reasons. First, the total number of ranking spots varies considerably across BPTW competitions (i.e., "Top 20" recognized in one competition, yet "Top 50" in another), meaning that rankings hold only relative value from competition to competition. However, top 10 finishes in BPTW competitions typically place organizations in the top half of their respective ranking competitions, and Carvalho and Areal (2016) assert that positive organizational outcomes associated with BPTW success occur primarily among organizations in the top half of the rankings. Second, research demonstrates a "top 10 effect" (Isaac & Schindler, 2014), which means that the human reflex to cognitively group rankings into smaller round number categories creates a cognitive bias among ranking consumers. Through this bias, consumers interpret the difference between 10th place and 11th place as larger than the difference between 9th place and 10th place (or 6th place and 7th place). Thus, top 10 rankings in BPTW competitions should more readily impact perceptions among internal and external audiences.

We focus on elite BPTW organizations to meaningfully explore the impact of sustained BPTW success on turnover composition. Our unique focus on elite BPTW organizations represents a form of theoretical sampling known as "extreme exemplars" (Eisenhardt & Graebner, 2007; Galunic & Eisenhardt, 1996, 2001; Yin, 1994). Extreme exemplars (also called extreme contexts), though perhaps less generalizable than broader sampling methods, are exceptionally well-suited for theory development because they highlight phenomena which might otherwise be difficult to explore (e.g., Bullough et al., 2017). As Eisenhardt and Graebner state (Eisenhardt & Graebner, 2007: 27), "they are particularly suitable for illuminating and extending relationships and logic among constructs." In our research, elite BPTW organizations arguably experience the greatest—and most prolonged—publicity, benefits, and potentially negative outcomes occasioned by BPTW ranking success. Consequently, any turnover-related longitudinal effects associated with successful BPTW rankings should be particularly salient within these elite BPTW organizations.

In total, we sampled organizations from 16 different BPTW competitions from 2010 to 2014. From these data, we identified 56 organizations classified as elite BPTWs or approximately 11% of organizations that competed in the 16 different BPTW competitions for which we have data. These 56 organizations yielded 224 potential cases. However, after removing 6 duplicate organizations (i.e., 1 large organization in which 7 regional offices were successfully ranked in different regional BPTW competitions) and 2 organizations in which organizational representatives did not respond to the turnover composition items, 48 organizations containing 159 total time points were available for analyses.

## 3.2 | Measures

### 3.2.1 | Ranking cycle

As our hypotheses require longitudinal analyses, ranking cycle is the primary independent variable. We labeled the 2010 ranking cycle "time 0," the 2011 ranking cycle "time 1," the 2012 ranking cycle "time 2," and the 2013 ranking cycle "time 3."

### 3.2.2 | Voluntary turnover composition

Each year, the employer survey included the following item, adapted from Shaw et al. (2009): "Consider all the people who voluntarily separated from your organization during the last fiscal year. Of these people, what percentage would you say were: (a) Good performers (defined as being among the top 20% of performance for their given job), (b) average performers (defined as being among the middle 60% of performance for their given job), and (c) poor performers (defined as being among the lowest 20% of performance for their given job)?" For example, if 10 employees voluntarily turnover from an organization, and 3 of them are high performers, 4 are average performers, and 3 are poor performers, the turnover composition percentages would be: 30% high performer, 40% average performer, and 30% poor performer.[2] As our research emphasizes the proportion of overall voluntary turnover comprising high performers, we focus our analyses on

high performers. It is important to note that, to better understand their relationship with BPTW ranking success, the turnover composition variables are time-lagged by 1 year (Wright et al., 2005). Therefore, while time 0 for the ranking criteria is 2010, time 0 for turnover composition is 2011.[3] Immediately before respondents provided turnover data, a text box in the survey stated, "Individual responses to these questions will not be made public nor will they be used as part of the ranking process to determine the BPTW in [specific competitions]." This made participants aware that their responses to these items would not impact their company's ranking. While we acknowledge that single-item responses can be problematic, we note that management researchers have repeatedly employed variants of these particular items to assess turnover composition (Shaw et al., 1998, 2005, 2009). Thus, it represents an indispensable approach to gathering turnover composition data.[4]

### 3.2.3 | Control variables

We controlled for three variables in our analysis. First, we included annually reported organization size, which helps account for any organizational growth effects. This variable, which we also time-lagged by 1 year, was reported on the employer survey as the total number of full-time and part-time US-based employees working for the organization. Because the size data were highly right-skewed, we followed Dineen and Allen (2016) and computed the natural log of this variable. Second, we included a time-lagged overall measure of organizational voluntary turnover. Similar to the turnover measure used by McElroy et al. (2001), this item asked, "What was your organization's percentage of voluntary turnover in the last fiscal year?" Over the 4 years, the average voluntary turnover within these elite BPTW companies was 10.5%. Finally, while most of the BPTW competitions in our sample started within a year or two of our study window, a few competitions started earlier than that, with one competition starting in 2000. Therefore, to limit potentially spurious relationships attributable to organizations' high BPTW rankings before our study window, we controlled for the number of top 10 BPTW rankings that organizations had received prior to the study window (pre-2010).

## 4 | STUDY 1 RESULTS

Variable means, standard deviations, and correlations appear in Table 1. We employed random coefficient growth curve modeling (Bliese & Ployhart, 2002) to analyze the Study 1 data. Treating the percent of voluntary turnover comprising high performers as the dependent variable, we first ran an unconditional means model (Model 1; see Table 2) and found that the ICC(2) was .42. This indicates that approximately 42% of variance in the percent of voluntary turnover comprising high performers was attributable to between-organization differences, justifying the use of multi-level modeling. In Model 2, we added relevant Level 1 and Level 2 control variables. A likelihood ratio test confirms that Model 2 fit the data better than Model 1 and that the difference in fit between the two models is significant ($\Delta\chi^2 = 10.83$, $p < .05$). In Model 3, we added successful ranking cycles as a fixed effect. A likelihood ratio test shows that Model 3 provides a significantly better fit for the data than Model 2 ($\Delta\chi^2 = 5.52$, $p < .05$). The relationship between successful ranking cycle and high performer turnover rates (i.e., the rate of change in the proportion of overall turnover comprising high performers) is positive and significant ($\gamma = 3.91$, $SE = 1.65$, $t = 2.38$, $p < .05$), showing that the proportion of overall turnover comprising high performers increases across the ranking cycles. Model 4 represents a random slopes model, in which successful ranking cycle is a random component. This model assumes that the slope associated with successful ranking cycles can randomly vary among elite BPTW organizations. The relationship between successful ranking cycles and proportion of voluntary turnover comprising high performers remains significant ($\gamma = 3.85$, $SE = 1.90$, $t = 2.03$, $p < .05$). However, a likelihood ratio test indicates that Model 4 fit improvement over Model 3 is only marginally significant ($\Delta\chi^2 = 4.76$, $p = .092$). Therefore, in keeping with best practices in random coefficient growth curve modeling (Bliese & Ployhart, 2002), we reject Model 4 in favor of the more parsimonious Model 3. As demonstrated in Figure 1, the proportion of voluntary turnover comprising high performers in elite BPTW organizations increases steadily from approximately 26% in 2011 to 37% in 2014, providing support for Hypothesis 2 while failing to support Hypothesis 1.

**TABLE 1** Descriptive statistics and correlations among Study 1 variables

| | *M* | *SD* | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|
| 1. Organization size[a] | 5.66 | 2.13 | -- | .06 | .23** | −.37** |
| 2. Voluntary turnover | 10.20 | 10.28 | .14 | *.78* | −.15 | −.02 |
| 3. Top 10 rankings before 2010 | 1.14 | 1.19 | .23 | −.11 | -- | −.02 |
| 4. High performer turnover (%) | 31.11 | 29.43 | −.60** | −.18 | .03 | *.75* |

*Note:* Coefficients below the diagonal represent average between-organization correlations across survey waves for repeated measures; coefficients above the diagonal represent average within-organization correlations across survey waves. The diagonal (italics) shows alpha coefficients for associated variables. Within-organization $N = 159$, between-organization $N = 48$.

[a]Natural log value used.

*$p < .05$. **$p < .01$. ***$p < .001$.

**TABLE 2** Study 1 growth curve analysis: high performer turnover across ranking cycles in elite BPTW organizations, 2011–2014

| | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
|---|---|---|---|---|---|---|---|---|
| | Est | SE | Est | SE | Est | SE | Est | SE |
| Fixed effects | | | | | | | | |
| Organizational size[a] (L1) | | | −4.98** | 1.39 | −5.04** | 1.38 | −4.93** | 1.37 |
| Voluntary turnover (L1) | | | 0.12 | 0.21 | 0.10 | 0.21 | 0.10 | 0.20 |
| Top 10 ranking pre-2010 (L2) | | | 1.69 | 2.53 | 1.67 | 2.53 | 1.95 | 2.52 |
| *Independent variable* | | | | | | | | |
| Ranking cycle (L1) | | | | | 3.91* | 1.65 | 3.85* | 1.90 |
| Intercept | 31.29** | | 56.36** | 8.35 | 50.82** | 8.63 | 45.98** | 9.30 |
| Random effects | | | | | | | | |
| Ranking cycle slope variance | | | | | | | 62.01* | 34.11 |
| ICC(2) | 0.42 | | 0.31 | | 0.33 | | 0.47 | |
| Likelihood ratio change ($\Delta LR\chi^2$) | | | 10.83* | | 5.52* | | 4.76† | |

*Note:* Within-organization $N = 159$, between-organization $N = 48$. L1: Level 1 (within-organization). L2: Level 2 (between organizations).
Abbreviation: BPTW, Best Places to Work.
[a]Natural log value used.
*$p < .05$, **$p < .001$. †$p < .10$.

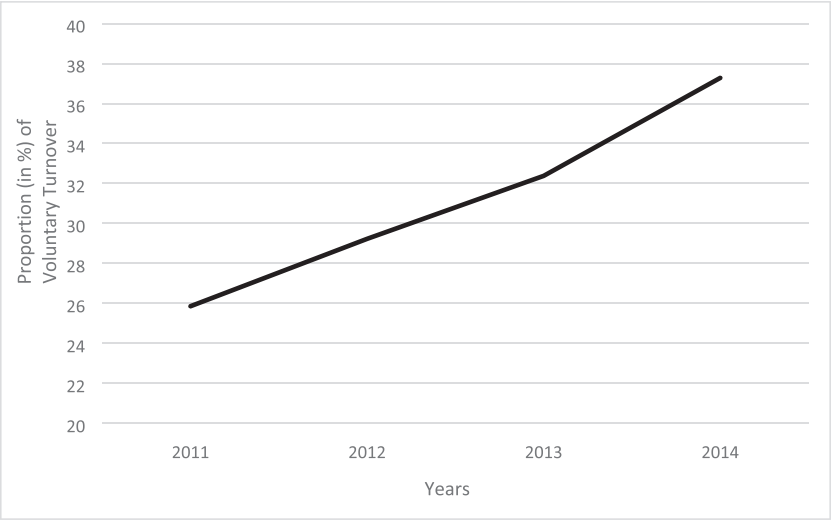



**FIGURE 1** Study 1 high performer turnover composition in elite Best Places to Work (BPTW) organizations: 2011–2014[a]

[a] For example, "26" in 2011 means that, of the total voluntary turnover across elite BPTW organizations in 2011, 26% of it comprised high performers.

## 4.1 | Study 1 supplemental analysis

The intent of our study was to measure turnover composition—especially high performer turnover rates—within elite BPTW organizations over time, specifically, over consecutive successful ranking cycles. Growth curve modeling is especially robust in its ability to measure within-organization change across time, thereby strengthening findings by "controlling" for several known and unknown variables *within* the organizations comprising our sample. However, the current analysis does not adequately control for the effects of other exogenous factors, such as the external job market and pent-up turnover (Allen et al., 2010), on turnover composition. To better control for these factors and to compare the elite organization results to turnover composition in nonelite organizations, we analyzed data from a comparison sample of organizations found in the same dataset as the elite BPTW organizations. In constructing the comparison sample, we emphasized three criteria. Specifically, the matched organizations (1) had participated in BPTW competitions from 2010 to 2014, (2) were drawn from the same regional or industry competitions represented in the elite BPTW organization sample, and (3) though sometimes ranked in their respective BPTW competitions, they were not ranked among the top 10 from 2010 to 2013.[5] After removing cases

in which organizational representatives failed to provide any turnover composition information, 47 organizations containing 162 total time points were used for the comparison sample analysis. We note that elite BPTW organizations tended to be larger than nonelite matched organizations ($\gamma = 1.03$, $SE = 0.21$, $z = 4.82$, $p = .000$). Perhaps more importantly, voluntary turnover was considerably lower among elite BPTWs relative to the comparison sample ($\gamma = -5.24$, $SE = 1.78$, $z = -2.95$, $p < .01$).

Beyond size differences and the predictable differences in turnover, however, the primary distinction between elite BPTW organizations and comparison sample organizations was BPTW ranking success, as the organizations in the comparison sample consistently received lower rankings or no rankings at all. We conducted the same longitudinal analyses with the comparison sample that we conducted among elite BPTW organizations. The relationships between ranking cycles and high performer turnover rates were not significant in Model 3 ($\gamma = -1.01$, $SE = 1.60$, $t = -0.63$, $p = .530$). The average proportions of voluntary turnover comprising high performers in the comparison group across the 4 years were 33%, 28%, 26%, and 32%. To further test differences between the elite BPTW organizations and comparison sample, we compared their trajectories of high performer turnover rates using a Wald test (Liao, 2004). Results revealed a significant difference between groups (Wald test = 4.57, $p < .05$), indicating that the high performer turnover change rates between the elite BPTW organizations and the comparison sample differed significantly.

### 4.2 | Study 1 discussion

In our longitudinal analysis of turnover composition in elite BPTW organizations, we find support for Hypothesis 2, as high performer turnover rates increase over consecutive top 10 BPTW rankings. Specifically, the proportion of voluntary turnover comprising high performers increased steadily from 26% during the first time point to 37% during the fourth time point, and this increase was statistically significant. To supplement our analysis of elite BPTW organizations and to control for environmental factors such as labor market constraints and pent-up turnover, we analyzed a comparison sample of nonelite organizations, finding no relationship between ranking cycles and turnover composition in the comparison sample. A Wald test further demonstrated that differences in high performer turnover rate trajectories between elite BPTW organizations and the comparison sample differed significantly from one another. This indicates that the turnover composition effects associated with ranking cycles are unique to elite BPTW organizations.

## 5 | STUDY 2

While Study 1 provides macrolevel evidence regarding ranking cycles and high performer turnover rates within 48 elite BPTW organizations, the Study 1 data are limited in their ability to explain the rationale behind this identified trend. To explore potential reasons for why high performer turnover proportions might increase in the wake of perennial BPTW ranking success, we analyzed data from a larger study of third party employment branding that the first two authors conducted in a financial services organization in the Midwestern United States. In keeping with our theoretical sampling, this organization is an elite BPTW organization, having earned its seventh consecutive top 10 BPTW ranking in a statewide competition in which it annually competes a few months before we initiated the study. This organization is uniquely suited to our study for a few reasons. First, it is average sized—and highly representative—of organizations which typically participate in BPTW competitions (between 230 and 240 employees at the time of the study). Second, while the organization's average annual voluntary turnover is somewhat higher than the average annual voluntary turnover among elite BPTW organizations (15.2% compared with 10.5%), the organization experienced a substantial drop in voluntary turnover after its first elite BPTW ranking (19% in 2011 to 12.1% in 2012). During the years following the organization's initial BPTW ranking, its turnover percentages were comparable with those of elite BPTWs, exemplifying the trend among ranked organizations noted in the literature (Dineen & Allen, 2016). As opposed to Study 1, in which our approach was exclusively quantitative, we employed a mixed-methods approach to Study 2, beginning with qualitative interviews, and then transitioning to a deductive and quantitative examination of themes uncovered during the interviews.

## 6 | STUDY 2: QUALITATIVE

### 6.1 | Sample and procedures

We commenced this study with 40 semistructured face-to-face interviews across a sample of employees representative of age, tenure, gender, and job distribution within the organization. While the majority of those initially selected and invited to participate were interviewed (25 out of 40 or 63%), some either chose not to participate or did not respond to invitations and were replaced by other employees who fit the demographics needed to maintain sample representativeness. In accordance with organizational demographics, 27 interviewees (68%) were women, 9 (23%) were front-line staff, 19 (48%) worked in the back offices, and 12 (30%) were managers.

All interviews were conducted by the first author as part of a larger study focused on employee responses to BPTW ranking success. At the beginning of each interview, interviewees were reminded that their responses would be confidential. Interviews lasted between 30 and 90 min, averaging about 50 min. While we utilized the same protocol for each interview, we allowed flexibility in the protocol to enable probing for more information regarding emerging themes provided by interviewees. Examples of interview items relevant to this study include "How do the organization's perennial BPTW ranking successes impact you?" and "Where do you see yourself professionally in five years?"

All 40 interviewees consented to their interviews being audio recorded, facilitating later word-for-word transcription. Data from

interview transcripts were analyzed using the Atlas.ti (version 8) software. We used a grounded theory approach (Glaser & Strauss, 1967), focusing on emergent themes regarding employees' perceptions of the organization and, particularly, their perceptions of their own futures within the organization. Through the analytic process, two primary themes emerged which seemed to explain why employees in elite BPTW may become increasingly likely to turnover from the organization. Table 3 provides an in-depth illustration of these themes.

## 6.2 | Results

### 6.2.1 | Perceived promotion constraint

In keeping with intimations from the career management literature (Bozionelos & Baruch, 2015; Cappelli & Keller, 2014), an emergent theme from interviews was an idea to which we refer as "perceived promotion constraint" (or "promotion constraint"). While employees typically expressed their desires to continue working in the organization, many indicated that they likely would not remain long-term, due to difficulties they anticipated in advancing their careers. For example, when asked where he saw himself professionally in 5 years, one employee in this elite BPTW organization noted: *"In five years? It's hard for me to really envision. One criticism I've heard among my colleagues here—at least in our department—* [is that] *there's really no room for advancement, or very little room anyway. So, I guess it's … if I do feel like I want to move on to something a little bit bigger with more responsibility, it might be somewhere else."* This employee's statement was particularly noteworthy, as the department in which he worked was one of the fastest growing departments in the organization.

An attorney employed by the organization was more direct in explaining his barriers to advancement. When asked where he saw himself in 5 years, he stated: *"Five years? I likely will not be here … My avenues for moving up would be in more of a GC* (general counsel) *role, since I'm an attorney. Well, we have a fantastic GC here … she's very great at what she does, but she's also, if you noticed, not nearing retirement age. So … if I wanted to move up in this particular world, I would need to look outwards."* The fundamental assumption verbalized by this employee—though also evident in quotes by other employees—is that the people in the roles to which interviewed employees aspired were going to stay with the organization until retirement, in part due to the fantastic job the organization does in retaining talent through its elite BPTW status.

While statements regarding promotion constraint were more common among nonmanagerial employees, organizational leaders at even the highest levels were not immune to perceived promotion constraint. When asked about her experience working in the organization, a member of the top management team recalled her circuitous route to the C-suite as follows: *"So I went from auditing to accounting, so that's a natural route for me, as an accountant, right? That's perfect! My goal was to be the CFO someday, but* [the CFO] *is still here. I'll never be the CFO! You know, I always say to* [the current CFO], *'Maybe I'll retire before you.'"* Throughout the interview process, employees described the organization's low voluntary turnover as both a blessing and a curse. Employee continuity made possible by low voluntary turnover levels reinforced the strong bonds of collegiality and familiarity that employees felt among their co-workers, which many described as part of what made the organization such a great place to work. However, employee continuity was also perceived as a curse among employees with aspirations for advancement and professional development within the organization, who felt that the organization's ongoing BPTW ranking success would only further limit turnover throughout the organization and, thus, opportunities for advancement.

### 6.2.2 | Perceived resume building

Another theme which emerged from the interviews was the belief that the organization's elite BPTW status provided professional benefits for individual employees. For some, the benefits had more to do with the exposure which the company gained as an elite BPTW organization. For example, one front-line staff member stated: "[After BPTW success], *you are no longer just a regular person, because you are working in a place where you can be more, because they give you so many opportunities.*" Similarly, an HR specialist stated: "*People know we work here. We want people to know 'Wow, you work somewhere that's one of the best places to work?' … So, it* [the ranking] *is kind of nice to know because, although it is our employer, it does kind of reflect on us just the same.*"

Many employees envisioned the organization's elite BPTW status as helping them in job searches outside of the organization. While these employees did not necessarily express a desire to leave the organization, they readily explained how they could leverage the organization's elite BPTW status for career enhancement. For example, one manager stated: "*If I were to leave this institution, I think that other companies that I would be applying to … I think they would see that and recognize 'Oh, well that's a really great organization! You know, she's pretty valuable.'*" An underwriter similarly explained: "*So, if I went looking for another job, I would probably mention it* [the organization's elite BPTW status]. [I would] *just be like 'Hey, I was a part of this. It was cool! They were a great institution. I came from something solid, and I want to move on to something solid.'*" While few interviewed employees indicated that they were actively searching for jobs elsewhere, it was interesting to note that so many employees had perceived ways in which the organization's recurring BPTW ranking success could build their resumes and enhance their career prospects.

To further explore the two themes which emerged from our interviews, we turn to the career management literature and propose two additional hypotheses. We then test these hypotheses quantitatively in the second part of Study 2.

**TABLE 3** Perceptions associated with employee turnover in an elite best place to work (BPTW) organization

| First-order codes and illustrative evidence | Theoretical observations (second-order codes) | Aggregate theoretical dimensions |
|---|---|---|
| **Difficulties associated with BPTW ranking success**<br>"[I lack] a clear path to progress my career … my hopes would be that my boss gets moved up within five years, and then I can step into [his] role. And I do not see my role really changing in the next five [years after that]."<br>"(Comparing work at a different organization to current job) I think there's a lot more opportunity to move up, because it was so much bigger. Whereas here, it's smaller … there's not as many positions to fill. And then, also, the average length of time that an employee stays here is much longer than somewhere else as well, so …"<br>"I do struggle with the opportunity to move up [in this organization]"<br>"My goal was to be the CFO someday. [long-tenured CFO] is still here. I'll never be the CFO. You know, I always say to [the current CFO], 'Maybe I'll retire before you.'"<br>"[Where I'll be in five years is] really hard for me to envision … one criticism I've heard among my colleagues here, at least in our department, there's really no room for advancement, or very little room anyway. So, I guess it's … if I do feel like I want to move onto something a little bit bigger with more responsibility, it might be somewhere else."<br>"I think areas for moving up here [are] not as much ….We see a few different types of employees. You have the fresh crop that's right out [of school], and you have the lifers, people here for 15–20 years. And you do not really see many people in the 4–5 year, which you would see [in an organization with better] career growth opportunity. You see a lot of those people leaving …"<br>"(When asked why some people choose to leave the organization) Career growth opportunities … they [the organization] do hire from within a lot, but just because of the structure of the institution you are in, there's just no actual place to move up, because even with the lifers who have been here for 15 years … well, they may be in their lower 40s. They're not going anywhere for 20 more years … they are going to be '30 years.' And that's great … that's fantastic! But because of that … because they have identified people who have stayed for that long, and do fit those positions, it does create a structured barrier to keeping people …"<br>"In five years, I likely will not be here …. My avenues for moving up would be in the more of a GC [general counsel] role, since I'm an attorney. Well, we have a fantastic GC here … she's very great at what she does, but she's also—if you noticed—not nearing retirement age. So, it would really … if I wanted to move up in this particular world, I would need to look outwards."<br>"Yeah … unfortunately they [organizational leaders] aren't able to hold on to certain people because there are not avenues for them to move up." | • Employees perceive BPTW success as a strong deterrent to turnover, particularly among managers and organizational leaders | Promotion constraint |
| **Professional benefits from BPTW success**<br>"I'm just starting to see ideas about how [the ranking] can be useful …. If [I] were career seeking, I've seen some culture things that work well …"<br>"People know we work here. We want to people to know 'Wow, you work somewhere that's one of the best places to work?' … So, it's [the ranking] kind of nice to know because, although it is our employer, it does kind of reflect on us just the same." | • Employees explain how they perceive the organization's recurring BPTW ranking success as enhancing their career prospects | Resume building |

(Continues)

TABLE 3 (Continued)

| First-order codes and illustrative evidence | Theoretical observations (second-order codes) | Aggregate theoretical dimensions |
|---|---|---|
| "If I were to leave this institution, I think that other companies that I would be applying to … I think they would see that and recognize 'Oh, well that's a really great organization! You know, she's pretty valuable."<br>"(*Translated from Spanish*) [After BPTW success], you are no longer just a regular person, because you are working in a place where you can be more, because they give you many opportunities."<br>"If I were to look for work with another [financial institution in the state], and I said 'Hey, I work for [organization].' I think the fact that we have been recognized across the state, that would come up. And I would probably talk about it in the interview, really."<br>"Most places are—if they have a position open—I'd assume that they would like to have somebody that comes from a place that is known for success. So, I assume that [elite BPTW status] would definitely help."<br>"[The ranking denotes] special things … the opportunities, the training, the development that they have afforded me …."<br>"So, if I went looking for another job, I would probably mention it [the organization's elite BPTW status]. [I would] just be like 'hey, I was a part of this. It was cool! They were a great institution. I came from something solid, and I want to move on to something solid.'" | | |

## 6.3 | Perceived promotion constraint, high performers, and turnover

While promotion constraint is a novel concept in the employment branding literature, there is some tangential precedent for this concept in the career management literature, especially regarding advancement opportunities for high performers. As high performers tend to be conscientious (Barrick & Mount, 1991), achievement driven (Judge & Zapata, 2015), forward thinking, and attentive to their own career development (Goldberg, 1993), they are consequently more likely to seek out challenging professional goals in new settings when they have reached their current goals.

The career management literature also posits that high performers possess a number of career competencies that more readily lead to perceptions that they have outgrown their current jobs. Direnzo and Greenhaus's (2011) cybernetic model of job search and voluntary turnover proposes that employees with higher career competencies will perceive themselves as more employable than the job they currently hold. As this perception persists, employees develop a stronger sense of mobility, first at the psychological level, then in the form of active job search (Direnzo & Greenhaus, 2011). Therefore, high performers are more likely to become increasingly attentive to opportunities for advancement, as they perceive themselves as possessing knowledge, skills, and abilities beyond the current positions they hold. Given these key differences between high performers and other employees, scholars have theorized that high performing employees are more sensitive to a lack of opportunities for advancement than their average and poor performing counterparts (Bozionelos & Baruch, 2015; Cappelli & Keller, 2014; Slocum et al., 1985). We extend these postulates to our context by empirically testing the following:

> **Hypothesis 3.** Perceived promotion constraint mediates the relationship between employee performance status and turnover intentions in an elite BPTW organization.

## 6.4 | Perceived resume building, high performers, and turnover

The idea that employees perceive their organizations' BPTW ranking success as a potential resume builder may seem unorthodox. However, there is some precedent for this idea in the signaling and career management literatures. Signaling theory (Bangerter et al., 2012; Connolly et al., 2011; Spence, 1973) asserts that prospective employees may signal their quality to other organizations via employment at high status organizations, which may partially explain why high performers typically experience wage premiums throughout their careers (Farber & Gibbons, 1996). As organizations experience reputation and status gains in the wake of perennial ranking success, the increased exposure afforded by the rankings is especially likely to bolster the career prospects of high performers in those organizations.

For example, Bidwell et al. (2015) found that organizations which experience high status rankings typically have to pay their experienced high performers higher salaries than those paid to similar high performers in lower status organizations. The authors attribute this to the visibility and desirability of high performers in high status organizations. Additionally, empirical evidence also demonstrates that job seekers view working for organizations with strong brands as strengthening their own personal resumes (DelVecchio et al., 2007).

Thus, the longitudinal relationship between successful BPTW ranking cycles and dysfunctional turnover in elite BPTW organizations may be attributable to the perceived resume building power afforded by the organization's ranking success. As indicated by interviewees, and literatures involving career management and signaling theory, an organization's elite BPTW status may increase high performers' perceptions of career opportunities, encouraging them to leverage the ranking success in pursuing employment elsewhere.

> **Hypothesis 4.** Perceived resume building mediates the relationship between employee performance status and turnover intentions in an elite BPTW organization.

## 7 | STUDY 2: QUANTITATIVE

Several weeks after concluding the semistructured interviews and consulting the literature to more fully appreciate emerging themes regarding employee perceptions of the organization's BPTW status and potential reasons for which one might leave an elite BPTW organization, we developed and disseminated a survey to all employees within this particular organization. Below we report our method and hypotheses test results.

### 7.1 | Sample and procedures

In total, we collected 154 surveys (64% response rate). To better capture the idea of promotion constraint, we eliminated surveys completed by the top management team, leaving us with 146 surveys. The mean participant age was 39 ($SD = 12.82$). Of those surveyed, 75% were female. In total, 44 respondents (30%) worked in front-line staff positions, 73 (50%) worked in "back office" positions, 21 (14%) were managers, and 8 (5%) were in managerial positions just below the top management team. High performers were slightly overrepresented within the survey at 37 respondents (25%).

### 7.2 | Measures

#### 7.2.1 | Performance status

The organization provided a list of employees which management had identified as the top 20% of performers during the year in which we conducted this study. The organization's senior vice president of human resources (SVPHR) noted that they objectively track employee performance in key areas, with high performing employees receiving performance-based awards on a quarterly basis. At the end of that year, the SVPHR, in consultation with front-line managers, offered merit bonuses to the top 20% performers in the organization.[6] Of note, these high performers were identified at all hierarchical levels of the organization, with more than half being in nonmanagerial positions. Performance data preceded the survey data. We coded those receiving the bonus as "1," while others were coded "0".[7]

#### 7.2.2 | Perceived resume building

This measure was adapted from a scale measuring "Resume Power" created by DelVecchio et al. (2007). On a scale from 1 (Strongly disagree) to 5 (Strongly agree), respondents were asked to indicate their level of agreement with the following four statements: "Working for a consistent 'Best Place to Work' is a definite "resume builder," "Having worked at a consistent 'Best Place to Work' will make me stand out among other applicants for future jobs in [the state]," "Having a consistent 'Best Place to Work' name on my resume will lend credence to my abilities if I search for another job in [the state]," and "Having worked at a consistent 'Best Place to Work' is likely to make me highly regarded by recruiters at other firms in [the state]." Cronbach's alpha for this measure was .96.

#### 7.2.3 | Perceived promotion constraint

This variable was measured using a three-item scale, adapted from an advancement scale developed by Lievens et al. (2005), in consultation with the qualitative data gathered during the interviews. On a scale from 1 (Strongly disagree) to 5 (Strongly agree), respondents were asked to indicate their level of agreement with the following: "There are numerous opportunities for advancement in this organization" (reverse coded), "even high performing employees often have difficulty advancing within this organization," and "the person currently filling the position to which I hope to advance isn't likely to leave that position anytime soon." Cronbach's alpha was .73.

#### 7.2.4 | Turnover intentions

This was measured using a four-item "intentions to stay" scale developed by Kehoe and Wright (2013). On a scale from 1 (Strongly disagree) to 5 (Strongly agree), respondents were asked to indicate their level of agreement with the following: "I would turn down a job with more pay in order to stay with [organization]," "I plan to spend my career at [organization]," "I intend to stay at [organization] for at least the next 12 months," and "I do not plan to look for a job outside of this company in the next 6 months." The items were then reverse coded to represent turnover intentions. Cronbach's alpha was .85.

### 7.2.5 | Controls

We controlled for employee tenure and age. Due to gender differences in career advancement perceptions (Olsen et al., 2016), we also controlled for gender (male = 0, female = 1). All control variables were provided by the organization via personnel files.[8]

## 8 | STUDY 2 QUANTITATIVE RESULTS

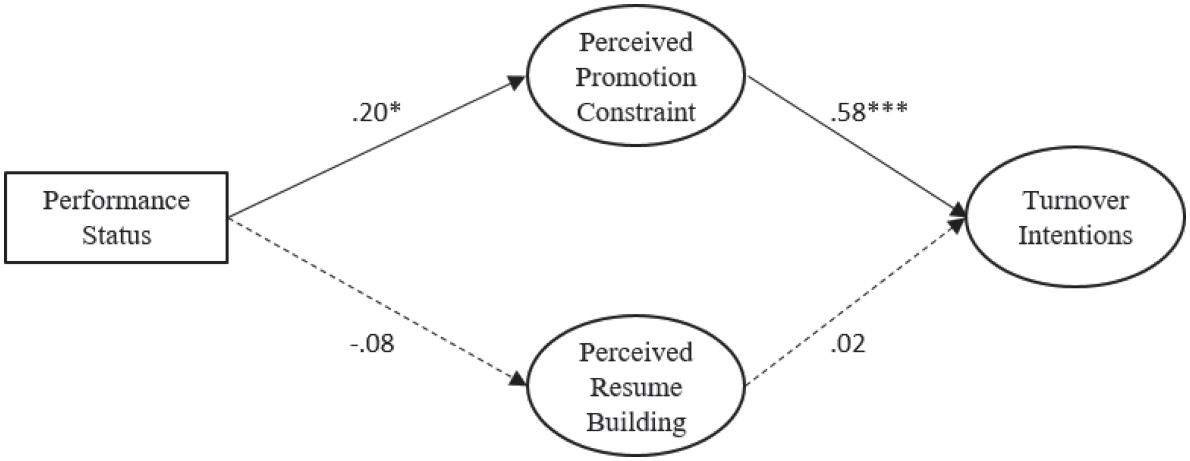
We used structural equation modeling in STATA 17. Descriptive statistics and correlations among the Study 2 variables are in Table 4. Because perceived resume building and perceived promotion constraint were correlated ($r = -.42$, $p < .001$), we followed standard recommendations (Deng et al., 2016; Preacher & Hayes, 2008) to allow these two mechanisms to relate in the model. This model demonstrated acceptable fit ($\chi^2(49) = 98.20$; comparative fit index (*CFI*) = .96; Tucker–Lewis Index (*TLI*) = .94; root mean square error of approximation (*RMSEA*) = .08, standardized root mean squared residual (*SRMR*) = .05).

As shown in Figure 2, performance status was significantly and positively related to perceived promotion constraint ($\beta = .20$, $SE = .08$, $z = 2.39$, $p < .05$). Additionally, perceived promotion constraint was positively and significantly related to employee turnover intentions ($\beta = .58$, SE = .10, $z = 5.69$, $p < .001$) when controlling for resume building, providing initial support for Hypothesis 3. To test the mediating effect of promotion constraint on the relationship between performance status and turnover intentions, we followed Preacher and Hayes (2008) and used 10 000 bootstrapped samples to calculate the confidence intervals of the indirect effect. We found a positive and significant relationship (*indirect effect* = .18, 90% CI [.03, .35]), providing additional support for Hypothesis 3. It should be noted that, without mediation, the relationship between performance status and turnover intentions is not significant ($r = -.05$); demonstrating that the perceived promotion constraint mediation is key in this relationship and making it that much more important to consider. By contrast, performance status was not significantly related to perceived resume building ($\beta = -.07$, $SE = .08$, $z = -.92$, $p = .356$) nor was resume building significantly related to turnover intentions ($\beta = .02$, $SE = .10$, $z = .17$. $p = .869$), failing to support Hypothesis 4.

**TABLE 4** Descriptive statistics and correlations among Study 2 variables

| | *M* | *SD* | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|---|
| 1. Age | 37.92 | 12.82 | | | | | | |
| 2. Gender | .25 | .43 | .03 | | | | | |
| 3. Tenure | 6.73 | 7.10 | .57*** | −.19* | | | | |
| 4. Performance status | .25 | .44 | .16 | .14 | −.02 | | | |
| 5. Perceived promotion constraint | 2.94 | .90 | −.05 | −.00 | .06 | .17* | | |
| 6. Perceived resume building | 3.25 | .96 | −.03 | −.12 | −.08 | −.09 | −.42*** | |
| 7. Turnover intentions | 2.04 | .88 | −.25** | .10 | −.18* | −.05 | .42*** | −.27** |

*Notes:* $N = 146$.
*$p < .05$, **$p < .01$, ***$p < .001$.




[a] Standardized coefficients are provided in this figure.
Note: Solid lines are statistically significant; dashed lines are not statistically significant. *N=146.*
*$p < .05$, **$p < .01$, ***$p < .001$

**FIGURE 2** Study 2 visual results of SEM analysis[a]

## 9 | GENERAL DISCUSSION

Examining voluntary turnover composition in elite BPTW organizations in Study 1, we discovered that high performer turnover rates increase in elite BPTW organizations across associated BPTW ranking cycles. To explore this counter-intuitive finding from Study 1, Study 2 examines potential mechanisms which could impact the relationship between elite BPTW status and voluntary turnover composition. In Study 2, we found that perceived promotion constraint mediated the relationship between performance status (i.e., high performer) and turnover intentions, while perceived resume building did not act as a mediator.

### 9.1 | Theoretical implications

The findings from these two studies advance the management literature in three important ways. First, by discovering a positive relationship between perennial BPTW ranking success and high performer turnover rates and by exploring potential mechanisms by which turnover in elite BPTW organizations becomes increasingly dysfunctional over time, we challenge the implicit assumption within the rankings literature that successful rankings universally result in positive outcomes for organizations (Rao, 1994). Our findings suggest the need to optimize both ranking and employment branding strategies to maximize employee benefits associated with perennially successful rankings.

Second, by examining turnover composition in elite BPTW organizations, we extend employment branding theory to more comprehensively consider alternative signals derived from third party intermediaries. While Dineen and Allen (2016) have posited that the credibility and comparability derived from rankings convincingly signals an organization's superior employment offerings, we find evidence that signals derived from successful third party employment branding may be interpreted differentially across employee groups. In particular, high performers may more readily perceive promotion constraint in elite BPTW organizations. By considering alternative, and even unintentional, signals associated with perennial BPTW ranking success, we challenge the undertheorized application of signaling theory within the employment branding literature (Lievens & Slaughter, 2016). Further, while the employment branding literature has focused on applicant pool composition (Collins & Han, 2004), our study extends this literature to consider voluntary turnover composition in organizations with elite employment brands.

Third, these studies expand our understanding of high performer turnover by examining circumstances under which high performers may decide to leave elite BPTW organizations. High performers are both practically and conceptually important in the management literature (Cappelli & Keller, 2014; Maltarich et al., 2010). While scholars have posited that high performers are especially sensitive to opportunities for advancement (Bozionelos & Baruch, 2015; Cappelli & Keller, 2014), our study is among the first to our knowledge that directly examines promotion constraint as a potential mechanism which affects high performer turnover.

### 9.2 | Practical implications

Our findings have practical significance for organizations engaged voluntarily or involuntarily in organizational ranking processes. While it is intuitive to think that only positive outcomes result from successful organizational rankings, findings from this study demonstrate the potential unanticipated effects of elite BPTW rankings on turnover dysfunctionality within-organizations. Research has shown that high performer turnover is not always a bad thing. For example, high performing employees who leave a firm may do so to join an organization that collaborates or could potentially collaborate with the original firm, increasing the organization's reach and building mutually beneficial bonds between the two organizations (Somaya et al., 2008). Additionally, high performing employees who leave elite BPTW organizations on good terms, such as those exemplified by the "grateful goodbye" resignation style described by Klotz and Bolino (2016), are likely to speak positively about their experiences in the elite BPTW organization in the future and will likely recommend that organization to those seeking employment. The literature regarding boomerang employees (Shipp et al., 2015) also demonstrates potential scenarios in which high performers that leave an elite BPTW for career-enhancing opportunities may return to the elite BPTW organization when desirable positions become available. In this final situation, the elite organization may benefit tremendously from the knowledge, skills, abilities, networks, and experience that a high performing ex-employee has gained in their career-enhancing opportunities outside the organization (Shipp et al., 2015).

Yet, there are likely more negatives than positives associated with increasingly dysfunctional turnover. High performer turnover negatively influences organizational performance, especially in high reputation organizations (Kwon & Rupp, 2013). Though typically identified as an antecedent to collective turnover (Hausknecht, 2017; Hausknecht & Trevor, 2011), an organization's culture may be negatively influenced by dysfunctional turnover, as high performer turnover can limit the number of individuals that exemplify what the organization determines to be effectiveness in work. Finally, and perhaps most importantly, promotion constraint and subsequent dysfunctional turnover work in tandem to limit succession planning within-organizations, requiring organizations to rely on external hires to fill their talent needs, and leaving "employers at the mercy of the labor market, resulting in talent shortfalls and other costs whenever labor markets tighten" (Cappelli & Keller, 2014: 313).

It would be myopic to suppose that these findings should discourage participation in organizational rankings in general or BPTW ranking competitions in particular. On the contrary, the selection and retention benefits associated with BPTW ranking success likely outweigh the problematic aspects of increasingly dysfunctional turnover. Yet, it is important for organizations determined to achieve BPTW ranking success to consider ways to further encourage high

performers to stay (Allen et al., 2010). Shellenbarger (2018) suggests that proactive career planning is an important way to retain talented employees who are passed over for promotions. By identifying high performers early, providing regular mentoring for high performers, and supplying them with opportunities for growth and development via delegation, organizations can increase the likelihood of retaining them (Martin & Schmidt, 2010). Additionally, pay raises without promotion have been shown to effectively retain high performers (Bidwell et al., 2015; Maltarich et al., 2010; Nyberg, 2010; Trevor et al., 1997). Furthermore, proactive job design and employment contracts which heavily incentivize staying (or penalize leaving the organization) are two additional approaches to talent retention highlighted in the literature (Cappelli & Keller, 2014), which may encourage high performers who are focused on professional development to engage in informal development in their current roles, as they wait for advancement opportunities. In part due to the COVID-19 pandemic, record numbers of competent and qualified employees have left their companies, some with no immediate career prospects available (Culliton, 2021). In light of this "Great Resignation," developing multifaceted strategies for retaining high performing talent is more urgent than ever before.

### 9.3 | Limitations and future research

While our studies utilized mixed-methods with multiple sources of data to both answer our research questions and explore potential mechanisms associated with our counter-intuitive findings, it is important to consider the potential limitations of these studies. First is the relative difficulty in securing longitudinal data on BPTW rankings. As we noted, in examining the results of the 16 BPTW competitions in our sample, only 95 (48 elite and 47 matched) organizations were used for analysis. Yet, the unique nature of elite BPTW organizations made this sample essential for our purposes (Bullough et al., 2017; Eisenhardt & Graebner, 2007; Yin, 1994). Also, the longitudinal nature of this dataset is both highly unique and meaningful and represents a robust first step in understanding employment branding optimization both conceptually (Shipp & Cole, 2015) and practically (Wright et al., 2005). Future research, however, will benefit from larger longitudinal samples of elite BPTW organizations as such data become more readily available, thus providing evidence to either reinforce or demonstrate increased nuance regarding our findings.

Second, while our decision to focus on extreme examples is vitally important in theory generation (Eisenhardt & Graebner, 2007), extreme examples can be somewhat limited in generalizability. In our case, examining elite BPTW organizations is essential to understanding the impacts associated with perennial BPTW ranking success, as such effects might otherwise get lost in organizations which experience BPTW success some years but not in others. Building on the theoretical foundation of this manuscript, we hope that future research will examine the impacts of various levels of ranking success—especially BPTW ranking success—on employee perceptions and turnover composition. Additionally, while research has considered the impacts of first time rankings (Dineen & Allen, 2016), future research should also explore the impacts when organizations lose prized perennial rankings. We also note that the organizations from Study 1 represent a wide array of industries across the United States. While this enhances the rigor and generalizability of our findings, we also acknowledge that examining organizations from one single industry might yield more precise estimates, as jobs are often standardized within specific industries and performance requirements can be readily measured and compared across organizations. Future research would do well to examine a sample of elite BPTW organizations within a single industry to measure high performance more clearly among individuals across organizations in the sample rather than relying on organizational leadership to determine high performers within their respective organizations.

The timing of our longitudinal study (2010 to 2014) also coincided with recovery from a deep economic recession. While we controlled for a number of exogenous variables by comparing turnover composition in elite BPTW organizations with turnover composition in a comparison sample of organizations during the same period, it is possible that the recession recovery somehow impacted elite BPTW organizations differently than other organizations. Future research examining relationships between BPTW rankings and subsequent turnover composition should draw data from years that were not as economically unique as those we examined.

While Study 1 examines turnover composition in many elite BPTW organizations, we opted to focus on one BPTW organization for Study 2. This focus was necessary for our mixed-methods approach to understanding how employees perceive and interpret BPTW ranking success and provided us with rich exploratory data regarding the potential signals which employees perceive from perennial BPTW success. However, we acknowledge that our in-depth focus on employees in one specific BPTW organization limits generalizability. Though meaningful research has been conducted with relative frequency in single organizations (Burmeister et al., 2020; Deng et al., 2020; Dunford et al., 2012; Takeuchi et al., 2019), future research examining the mechanisms which impact the relationship between ranking success and turnover-related attitudes should examine employees from many different organizations.

The survey in Study 2 was cross-sectional and focused on turnover intentions rather than actual turnover, which represents another limitation to our research. While not longitudinal, Study 2 involved a robust collection of both interview and survey data at two separate time points, providing qualitative data from which we could derive deductive hypotheses to test among a larger sample of employees in the organization. However, longitudinal data examining actual high performer turnover patterns in the Study 2 organization—rather than turnover intentions—would have strengthened our analyses by more closely aligning with Study 1 data. Future research would do well to continue examining high performer turnover longitudinally within a sample of elite BPTW organizations and to examine actual turnover patterns rather than turnover intentions. Along those same lines, future research should examine where high performers go

when they voluntarily leave elite BPTW organizations, as such data would be instrumental in examining departure mechanisms, as well as the impacts of that turnover for elite organizations and high performers. As promotion constraint is measured via employee perceptions, it would also be interesting to examine actual promotion patterns among employees in elite BPTW organizations, to see how closely perceptions match eventual career enhancement realities. Finally, future research would benefit by controlling for important individual-level factors such as education level, skill-set specificity, and occupation-specific labor markets within geographic areas, which we were unable to control for in Study 2 due to data access constraints.

Finally, while not emerging from our interviews, scholarship intimates that elite BPTW organizations may experience dysfunctional turnover through the human resource management inducements and investments that make such organizations beloved by most employees. This may occur if they fail to include expectation-enhancing practices that let high performers achieve relative advantages (Shaw et al., 2009). In such circumstances, the egalitarian treatment provided by the organization limits high performers' abilities to set themselves apart from average and poor performers, limiting the financial and reputational successes which they might otherwise enjoy in an organization in which resources are distributed in a more merit-based fashion. Future research should examine how high performers respond to the egalitarian treatment often associated with elite BPTW organizations and the ways in which this treatment impacts turnover functionality.

## 10 | CONCLUSION

By examining turnover composition longitudinally within elite BPTW organizations, we uncovered a potential peril associated with highly successful organizational rankings, challenging the implicit assumption within the rankings literature that successful organizational rankings always benefit the organizations which receive them. While elite BPTW organizations tend to enjoy lower levels of organizational turnover than their nonelite counterparts (Dineen & Allen, 2016), the voluntary turnover that elite BPTW organizations experience becomes increasingly dysfunctional, as high performer turnover rates increase over perennial employment branding successes. Qualitative and quantitative data from an exemplar elite BPTW organization demonstrate the mediating effects of perceived promotion constraint on the relationship between employee performance status and turnover intentions. Rather than contradicting previous research, our findings provide additional nuance and explanation regarding the complexities potentially involved in signaling organizational successes to employees. We hope this work prompts continued research into organizational rankings and employment branding optimization.

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## DATA AVAILABILITY STATEMENT

Due to negotiated agreements with the organizations from which we gathered data, we (the authors) are not able to make data available.

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## ENDNOTES

[1] Only 2% of survey respondents identified as CEOs.

[2] We retained nine cases that were close but did not precisely sum to 100% (105%, 87%, and 90% in 2011; 99%, 80%, and 80% in 2012; 99% in 2013; and 99% and 101% in 2014). However, findings are unchanged if we retain only cases that sum exactly to 100%, although this latter approach limits our elite sample to 45 instead of 48 companies. Also, missing data present a unique challenge to verifying data accuracy. In order to be as accurate as possible, we opted to eliminate cases with missing data via listwise deletion. To be statistically comprehensive, however, we also analyzed the data with multiple imputation—employing an expectation–maximization algorithm—and found that our results did not differ significantly from those obtained through listwise deletion.

[3] While we did not consider 2014 rankings for this study, 2014 participation in a BPTW competition was required, as we lagged outcome data 1 year.

[4] One concern associated with single-item, leader-generated turnover composition measurement is that leaders may not know the performance levels of those who turnover from year to year and may use mental shortcuts by which they reason that, since their organization is a great organization, those leaving that organization are probably great as well. To determine whether this occurred, we further analyzed available data from the ranking entrepreneur indicating survey completer consistency across years. Among our sample of elite organizations, we found that 23 organizations had the same respondent for all 4 years in which turnover was used for our study, 19 organizations had 2 respondents, 7 organizations had 3 separate respondents, and 1 had a different survey respondent in each of the 4 years. We examined the effects of the overall number of respondents on the proportion of voluntary turnover comprised of high performers from 2011 to 2014 and found no significant differences attributable to number of different respondents used across the 4 years ($\gamma = 3.97$, SE $= 3.59$, $z = 1.11$, *ns*). Additionally, we measured the relationship between rater consistency from the previous year and the change in reported proportion of voluntary turnover comprising high performers for that year and found no significant relationships ($\gamma = 4.70$, SE $= 4.43$, $z = -1.06$, *ns*). In other words, if people were using mental shortcuts, we would expect year-over-year changes in reported high performer turnover to vary less in cases where the survey respondent remained the same, compared with cases where the respondent changed, but this did not occur.

[5] To ensure that matched organizations represented all of the competitions from which we drew our sample of elite BPTW organizations, we chose to include an organization which experienced an isolated top 10 ranking once during our 4-year window (10th place in 2011). Other than this exception, the organizations in the comparison sample, though often ranked, were not ranked in the top 10 of BPTW competitions from 2010 to 2013.

[6] It is important to note that managers were not constrained to give a merit bonus to employees within their department, and indeed, some did not give merit bonuses in their departments. In other areas, however, managers and HR leaders decided to give multiple bonuses to reward all high performers in that area. Thus, we are confident that this list represents a particularly valid sample of high performers in the organization rather than a list of the strongest performers in each department.

[7] As our efforts to obtain more continuous measures of performance data were unsuccessful—due to organizational policies regarding confidentiality of employee performance data—this measure represents the best performance indicator available to the research team.

[8] For parsimony, and because our hypotheses focus on basic, and not partial relationships, the model we report did not include control variables. However, we also ran the analysis including control variables, and the major findings did not change appreciably; performance status was significantly related to perceived promotion constraint ($\beta$ = .21, SE = .08, $z$ = 2.53, $p$ < .05), and perceived promotion constraint was significantly related to employee turnover intentions ($\beta$ = .58, SE = .10, $z$ = 5.95, $p$ < .001). Mediation analysis was also significant after bootstrapping 10 000 iterations (indirect effects = .20, 95%CI [.00, .40]).

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