



# Defining employers-of-choice in the construction industry from a graduate perspective

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## Abstract

Employer-of-choice status is emerging as a critical reputational asset in attracting developing and retaining scarce human resources in an increasingly competitive labour market. Through a major survey, we explore the preferred workplace characteristics of university students in construction and built environment faculties around the world. This research provides valuable insights for all businesses operating in the construction industry into the relationships between management practices and human resource management strategies. We conclude with a series of recommendations to bring these into alignment.

**Keywords:** Employer of choice, human resource management, graduates, labour market

## 1. Introduction

While highly cyclical, construction industry employment is also growing in many countries. For example, in Australia employment grew by 57% in the ten years to February 2011, making it the second largest growth industry over this period (DEEWR, 2011). Despite this growth, DEEWR (2011) found that 56% of employers reported recruitment difficulties and 18% reported that staff retention was a significant challenge. Graduate employment presents a special challenge with 89% of employers saying competition for graduates from other industries is a major issue (AAGE, 2011). In particular, demand for 'top' graduates is exceeding the available supply, thus creating a potential secondary labour shortage in the future. The above challenges are not Australian-specific. There is evidence that attracting and retaining the right graduates has consistently been a top business concern for the last six years around the world (Capelli, 2008; AAGE 2011). Firms in the construction industry therefore need to develop innovative strategies to compete in this global inter-sector market. This is required to ensure that they have the best pool of qualified graduates to select from, that they are attractive to them and that once recruited they will be retained and contribute to the company's objectives for a reasonable period of time (Richardson, 2003).

A recent graduate survey of 2,815 new and future graduate employees across 138 organisations in Australia (AAGE 2011), found that the graduate's first year at university is a particularly formative time in forming perceptions and expectations about prospective employees. In understanding what these may be, Arnold and McKenzie's (1994) cross-

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sector study of 1,000 graduates is useful. In particular, they found that above all, long-term career prospects were the most important factor in graduates' employment decisions. The AAGE (2011) survey findings support this conclusion, reaffirming that graduates are thinking "long-term" when they are making career decisions. Indeed, graduates appear to be looking for a clear career path for at least five years ahead with their first employer.

It is interesting to note that there were no construction organizations among AAEG's top 20 employers in 2011 and that the top five criteria in selection an employer were (in ranked order): training and development opportunities; career prospects; overall reputation; work content and; security of employment. Many other less important factors were also ranked including: work-life balance; ethical record; opportunities for professional accreditation; mentoring and flexible working etc. Like most surveys' salary package features low in the priority of most graduates. Very little research has been conducted into the specific perceptions of graduates entering the construction industry. One exception is Burt's (2003) research into the factors that influence construction graduates' decision about a future employer. Burt found that the most important factors were (in order of priority): company culture; advancement opportunities, type of work; location; training opportunities; company size; salary; entry position and; signing bonus. More recent research in the Australian construction industry, especially with regard to minority groups such as women, indicates that the perceived attractiveness and unattractiveness of certain workplaces and job characteristics is also critical to a potential candidate's decision to apply for a position, and their ongoing engagement with it (Gilbert & Walker, 2001). In this context, the purpose of this paper is to add to our limited understanding of what factors graduates use to characterize an employer-of-choice. This will help businesses operating in the industry to reflect on the impact of their business practices and corporate image on their recruitment programs.

## **2. What is an employer of choice?**

An employer-of-choice (EOC) is an employer that is recognized for their leadership, culture, and best employment practices. This means that workers, employees and subcontractors choose to work for that employer when presented with other choices of employment (Herman and Gioia 2001). Historically, the main motivation for being an EOC relates to a firm's enhanced ability to attract increasingly scarce human resources in an ever more competitive labour market. There are also numerous reputational advantages which some argue can lead to competitive advantage. For example, Lenaghan et al (2006) argues that EOCs tend to be more successful because they attract higher quality human resources and because employees in such organizations tend to show higher levels of engagement, satisfaction and loyalty, as well as improved well-being. Beyond these immediate advantages, the popularity of EOC has emerged from a number of other contemporary business pressures and trends in the areas of corporate social responsibility (CSR), equal opportunities and diversity, corporate governance, responsible investment and the growing lists of ratings and surveys on EOC which has created competition among companies to be "indexed" as one (Wilson, 2004, Gill 2008). A review of the various indexes and EOC research indicates that they generally include various combinations of the following criteria: personnel policies, pay, conditions, benefits, employee engagement, leadership quality,

safety and well-being, quality of workplace relationships, workplace culture and climate (stimulating, innovative, creative, passionate and fun), equal opportunities, staff development and career paths and opportunities, flexible family-friendly work practices, work-life balance, worker empowerment, receiving and giving feedback on work performance clear company strategy and values, healthy and stimulating physical work environment, community involvement and sustainable practice (PriceWaterhouseCoopers, 2002, Gill, 2007; Kuhnel et al., 2009; Dream Employer, 2011; Universum, 2011). However, the EOC concept is also an evolving one, changing in response to workplace demographics . For example, as the workforce ages into the future, Maurer's (2001) research suggest that it is likely that opportunities for confidence building learning activities will become more valued as an attribute of an EOC than they are now.

While there are numerous advantages associated with being an EOC, the jury is still out on whether this translates into a more productive, profitable and competitive business (Herman and Gioia 2001; Leary-Joyce 2004). For example, Fogarty and Dirsmith (2001) argue, that some employees take EOC benefits for granted after a period of time and if implemented without thought can result in reduced labour competitiveness. There is also some evidence to suggest that this affect varies considerably across different groups of employees and it is clear that EOC programs are not all equally effective. The value of EOC as a concept is also contested. For example, some studies have highlighted excellent workplaces which do not necessarily have an EOC strategy, while others have identified very poor workplaces that do have one (Hull and Read 2003). Critics of EOC also point out that there appear to be no agreed criteria or method for measuring EOC which means it essentially remains a self-proclaimed achievement (Gill, 2009a, 2009b). Indeed, a survey of 2,186 job candidates found that 52% of candidates reported they are rarely or never attracted to a company by their claims of being an EOC (Chandler Macleod, 2007). Finally, there is also evidence to show that the motives of many employers in seeking EOC status are not driven by a concern for their employees but by a cynical attempt to comply with an increasing number of externally derived business indices or mimic the initiatives of their competitors – particularly in the area of corporate social responsibility (CSR). In their analysis of CSR strategy in the construction sector, Loosemore and Phua (2011) found that while the best firms are driven by a genuine desire to balance their economic, social and environmental responsibilities, the majority, despite the rhetoric, are still primarily driven by the bottom-line. So while some firms might appear to be an EOC, life for employees in reality may present a very different picture. In these firms, the competitive value of EOC status is significantly reduced as employees quickly realize that the informal underlying culture they experience during their day-to-day lives undermines the formal statements which purportedly represent business policy.

### **3. Method**

To explore graduate employer preferences and the relationship between factors affecting them an electronic survey was conducted across a total of 26 Universities in the UK and Australia. Surveys were distributed to over 400 students and a total of 160 responses (40%) were received which is consistent with similar larger scale studies of graduates by the

government and commercial organisations (OCPE, 2006; AAGE, 2011). The sample structure is shown in Table 1.

**Table 1 Sample structure**

Respondent characteristic	Number of respondents
Male	102
Female	58
Work experience (no)	61
Work experience (yes)	99
Undergraduate	134
Postgraduate	26

Electronic questionnaires were utilised for a number of reasons: first, because of the wide geographical dispersion of respondents; second because of their fast delivery and return; third because of the ease of sending of reminders and; finally because of cost effectiveness over a large sample compared to postal questionnaires. To maximize our response rate we used closed questions and maintained brevity by keeping the survey to two pages. We also offered a financial incentive of an iPad 2 selected randomly from a prize draw of respondents at the end of the data collection process. Finally, we guaranteed anonymity and assured that our respondents that could make a difference to construction employee practices by responding to the survey.

The structured survey required respondents to rate twenty six EOC criteria on a seven-point ordinal Likert scale derived from relevant literature on EOC. A seven-point ordinal Likert scale was used in the survey to enable us produce hierarchies of preferences which were then compared across groups of respondents. This prevents respondents being forced to adopt a positive or negative position they do not hold (Garland 2001). To avoid respondent bias from misinterpretation, each variable was defined and in accordance with good survey practice, a pilot test was conducted with a small sample of students intending to working in the construction industry. The survey also included one open question which asked respondents to rank (if applicable) "other" workplace characteristics which they thought were important to construction industry EOC that were not cited in the closed survey questions.

#### **4. Discussion of results**

The preferred workplace characteristics of respondents are listed below in rank order.

- Good quality working relationships
- Being able to learn on the job

- A workplace that is passionate about work
- A relaxed, fun and social workplace
- Seeing and understanding the purpose of tasks
- Recognition and encouragement of my contribution
- A workplace with training programs
- Training in how to use new technologies
- Working with people who have the same values and approach to work
- Flexible hours
- A safe workplace
- Receiving and giving feedback on work performance
- A workplace with a strong work ethic and high commitment to work
- A line manager with leadership and energy
- A good reputation
- Emotional stability and feeling protected by the organisation
- High income
- Having a say in decisions that affect day-to-day activities
- A line manager that is well organised
- Being involved with the local community
- A high quality workplace
- Travel opportunities
- Paid a salary rather than casually
- Opportunities to work extra hours
- Paid by the hour
- Union membership

Female respondents (33% of our sample) consistently rated the following characteristics as more 'important' than their male counterparts suggesting that recruitment strategies for male and female graduates should be different.

- Emotional stability and feeling protected by the organisation
- A workplace with training programs
- Working with people who have the same values and approach towards work
- Being involved in the local community
- Being able to learn on the job
- A manager that focuses on leadership and energy
- Training on how to use new technology

Our results also showed that as students progress through university the relative importance of this pay-related variable change. Respondents from later stages of university consistently indicated higher pay as more important than students from first and second years. This suggests that recruitment strategies targeted at students in later years of a program should place more emphasis on pay than those targeted at students in earlier years.

Our results also show that students with work experience value the above variables as significantly more important in judging future employers, than those without work experience.

- Union membership
- A high standard of accommodation and fit-out of the workplace
- A manager that focuses on leadership and energy
- High level of personal physical safety

It is interesting to note that it is the more intrinsic aspects of the employment relationship that seem to become more important as work experience accumulates. Our results do indicate that recruitment and retention strategies do need to be dynamic and responsive to different workforce segments.

It is also interesting that our results did not show any significance between preferences between different professions in our sample. These included:

- Small builder – 16%
- Planner – 16%
- Large builder – 11%
- Architect - 10%
- Project manager – 8%
- Consultant - 6%
- Subcontractor – 6%
- Developer - 3%
- Quantity Surveyor – 3%
- Supplier 1%
- Engineer – 1%
- Other – 19%

This result was surprising given the wide variety of occupational cultures within the industry and our sample.

Finally, our results also showed that as the size of the potential workplace increases so does the importance of being fully employed (rather than casually). We also found that the importance of union membership decreases as the size of the workplace increases. This was an interesting finding since union membership in the Australian construction industry is primarily focused in the large developers. Despite this, our findings suggest that respondents from smaller companies are more concerned with their work conditions, benefits and remuneration being protected by unions than respondents in larger companies. Our data also showed that casual time-related employment (rather than full-time employment) is significantly more acceptable to those who work in the smallest of businesses compared to those who work in larger organizations who prefer to be paid a salary. This may reflect differences in normalised modes of employment in these groups or perhaps differing entrepreneurial values.

## **5. Conclusion**

The aim of this paper was to explore the factors that are important to graduates in the construction sector in selecting their preferred employees. Accepting that this is always

changing as generational workforce shifts, our results indicate that the top three most important characteristics for university students with construction industry related work experience are respectively: good quality of work relationships; being able to learn on the job and; a workplace that is passionate about work. The implications for firms competing for scarce graduate labour in the construction industry is that initiatives such as mentoring and coaching, continued development opportunities and strong corporate culture should be the focus of management and marketing efforts. Although male and female respondents generally agreed on these important characteristics, it was found that good workplace leadership, safety and emotional stability, learning and development opportunities and being involved with the local community were more preferred by women than men. These findings are of importance to an industry that has the highest proportion of male employment of all 19 broad industry groups (DEEWR, 2011).

Our findings relating to ranked EOC characteristics in the construction sector are aligned with the wider literature in this area. This indicates that graduates considering entering the construction industry have largely similar EOC expectations as graduates in other fields. Given that much recent research (for example see Dainty and Loosemore 2012) suggests that employment conditions in the construction industry are inferior to many others, particularly in areas like safety, diversity, equal opportunities, work-life balance and gender equity, our results would suggest that many firms in the construction industry would have difficulty in competing for human resources against other “more attractive” industries. Opportunities for diversifying the workforce may therefore be limited. While our research indicates that there is nothing particularly unique about the preferences of graduates in the construction sector, it does suggest that placing more emphasis on specific workplace characteristics for different groups may be effective in accessing an important and untapped source of new talent for the construction industry.

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