

# The Intrapersonal Glass Ceiling in an Expected Wage of a Job Seeker in a Social Enterprise

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## Abstract

Avishai Margalit<sup>1</sup> said “a decent society is one in which the institutions of that society do not humiliate people”.

This study examined the side-effect of a publicity activity about a firm’s social employment which is hiring the destitute as a social enterprise. Through an experimental survey and a field survey from the destitute, we found that public relations about firms’ social employment for hiring the destitute negatively related to expected wages and organizational commitment of the destitute. With these exploratory tests, we can infer that publicity activities of social enterprises about their social employment reduce the destitute’ self-regard and positive identification for their organizations.

During one consulting of authors about social employment policy in a domestic government, we did survey for asking expected wages from job seekers who wanted to find jobs in social enterprises. Interestingly, in that survey, we found that job seekers had lower expected wages for social enterprise (even though to social enterprises which were established for hiring them) than those for for-profit enterprises. About this phenomenon, we hypothesized that a publicity activity would decrease the destitute job seeker’s expected wage and negatively related to organizational attitude of the destitute employees. From an experimental survey, we compared the destitute job seekers’ expected wages in an experimental group which carried out a publicity activity about social employment with those in a control group. And we found that expected wages of a public relation group were lower than those of a control group. From the field survey, we compared the destitute employees’ organizational commitment in social enterprises which carried out public relations to their social employment through their web pages with those of social enterprises which didn’t have publicity activities about their social employment. And we found that the degrees of destitute employees’ organizational commitment in the former social enterprises were lower than those of the latter. Thus we infer that social enterprise’s public relation for its social contribution negatively influenced to the destitute’ dignity so as not to identify for their firms.

## Introduction

In a consulting about a social employment policy for a domestic government in S. Korea, we asked two kinds of expected wages of the destitute: expected wages for finding jobs in

social enterprises and in for-profit firms. And through comparing these two expected wages from same job seekers, we interestingly found that their expected wages for social enterprises (monthly average wage was 1,040 \$) were lower than those for for-profit firms (monthly average wage was 1,114 \$) ( $t=-6.54$ ,  $df=155$ ,  $p<.001$ ,  $N=156$  with paired t-test). Why were those expected wages low even though Korean social enterprises themselves commonly have been established for social employment with supporting or hiring the destitute?

One possible inference was that the destitute had some levels of charitable mindsets. Thus their values could easily fit with organizational values or share organizational vision and mission so as to have low expected wages with volunteerism. However during post-hoc interviews, we didn't meet such interviewees who had value congruence with social employment. Rather we met several destitute interviewees who felt as such they'd fallen till the bottom of pyramid when they received counseling about social employment for the destitute.

About these, Avishai Margalit<sup>2</sup> said "a decent society is one in which the institutions of that society do not humiliate people". This means that social institutions to support certain people should not crash their self-respect with the name of humanity. Thus in this study, we focus on the effect of public relations about firm's social employment. Public relations are essential for social enterprises to acquire legitimacy and resources. However we infer that there is side effect of public relations which negatively influences to emotions of the destitute. Therefore we test whether public relations about firm's social value decrease expected wage of the destitute. And also we examine the relations between public relations and organizational commitment of the destitute employees as one of measurements of organizational effectiveness.

This study is consists of two sub-studies. Study 1 is about the effect of corporate public relations about their social employment to expected wages of the destitute with controlling the effect of other factors of expected wage. And in the study 2, we test the effect of public relations to organizational commitment of the destitute employees.

Even though this study is an exploratory attempt, we try to stress on the psychological side effect of public relations about firm's social activities. Thus one of critical implications of this study is that as one sort of organizational process, public relations of social enterprise should be progressed with considering values and emotions of inner stakeholders, the destitute employees.

### **Research Questions**

Expected wage is the one that the worker wants to be served. According to previous researches, there are several factors to affect to expected wage of job seeker. Prasad<sup>3</sup> specified several determinants of reservation wages - general schooling, unemployment duration, regional unemployment rates, gender, wages on the last job, skill level, availability of unemployment compensation, household net income. Especially, the job searching cost is negatively correlated to the reservation wage.

And in this study, we focus on another factor, firm's public relations using employment itself. When a firm hires the destitute, they would feel that the organization support them.

Generally, employees' perceived organizational support positively relates to organizational attitudes of the employee<sup>4</sup>. However when the focal firm does public relations about its social employment, the destitute employee may feel damages of their self-respect. Especially in S. Korea, Ministry of Labor tries to boom social employment for the destitute up with direct monetary support to firms' labor costs. Thus in the context of this policy, Korean social enterprises actively announced their social employment with graphical numbers, photos of the destitute employees, and acknowledgement interviews with the destitute for acquiring the monetary supports.

Thus with those activities, the destitute may feel that they are humiliated by focal organization or social employment institution. This damaged self-respect may influences not only to expected wage but also organizational effectiveness. One critical measurement of organizational effectiveness is organizational commitment. Organizational commitment is "a force that binds an individual to a target (social or non-social) and to a course of action of relevance to that target."<sup>5</sup> Meyer and colleagues<sup>6,7,8</sup> suggested and tested the three component model of organizational commitment. According to their studies, there are three types of commitment: affective commitment, normative commitment, and continuance commitment. However, the effects of these three types of commitments on individuals and organization are not the same. According to the meta-analysis<sup>9</sup>, affective commitment has relatively strong, positive relations with several behaviors such as attendance, OCB, and job performance. On the other hand, normative commitment has weaker positive relations, and continuance commitment has negligible relations with the above behaviors. Therefore, we focused on affective component of commitment because of its demonstrated positive relationship with job related variables.

According to Rojas<sup>10</sup>, commitment in the for-profit organization is tied to career progression, personal income, and business survival. Whereas, commitment for non-profit organization is tied to generosity and volunteerism. This means that organizational commitment in non-profit domain is based on identity and ideology more than that in for-profit organization. When the group is motivated by identity or ideology such as non-profit organization, these motivations encourage group members to support legitimacy and normativeness<sup>11</sup>. Thus in the non-public and social enterprise domain, psychological factors such as emotion, self-respect, and identification of employees would be more important than for-profit settings. Therefore in the social enterprise, when the destitute employees feel certain activities of organization humiliate them, degree of identification to organization would decrease so as to decrease organizational commitment.

Thus our research questions are as follows:

1. Does corporate public promotion about their social employment decrease expected wage of destitute job seeker who finds job in a social enterprise?
2. Does corporate public promotion about their social employment decrease organizational commitment of destitute employee in a social enterprise?

## **Methods**

### **Study 1**

159 destitute job seekers participated in study 1. They've lived in same region in S. Korea.

61% of them were female. 25% were under age of 50, 35% were in the 50s, the others were in the 60s. 26% graduated elementary school, 51% graduated middle school, the others graduated high school. Only 6% had qualified licenses. And their averaged monthly expected wage was 1,130 \$, averaged job searching duration was 9 month, and averaged number of failure of job search was twice.

We divided participants as two groups. The first group was received questionnaires with the social enterprise case of public relations about social employment. Before answering their monthly expected wages, participants of this group were shown the phase such that “This social enterprise was established for hiring the destitute, the disabled, and the elder. The purpose of this enterprise is servicing better jobs to them.” And the other group was received questionnaires with the case of non-promotion about social employment. Before answering their monthly expected wages, participants of this group were shown the phase that “This social enterprise was established for protecting environment. The purpose of this enterprise is making better green echo world for our children.”

And we controlled several variables which had influences to expected wage in previous researches; job searching duration, number of job searching failure experience, sex, age, degree of education, and existences of qualified licenses.

## Study 2

We did survey on 177 destitute employees in 15 social enterprises within one region in S. Korea. 75% of participants were female. 24% were in the 30s, 29% 40s, 25% 50s, and 21% 60s. And 62% worked in part-time jobs. In the 15 social enterprises, we divided them into two groups according to existences their public relations about social employment on their web pages (examples of public relations are “Our mission is to create better jobs for the destitute.”, “We are established for making social jobs for the destitute, the disabled, and the elderly.” or “We have created 100 social jobs for the destitute since 2007.”). 7 social enterprises entered into non-public relations group (was coded as 0) and other 8 enterprises classified to public relations group (was coded as 1). Organizational commitment was measured with 5 items from Meyer et al. (1993). The sample item was “I would be very happy to spend the rest of my career with this organization” (from totally disagree=1 to totally agree=5). And we controlled several variables which had possibilities to affect organizational commitment; industry dummy, part-time job dummy (was coded as 1), sex dummy (female was coded as 1), and line or staff dummy (line was coded as 1).

## Results

### Study 1

Table 1 shows the effect of public relations to expected wage of the destitute job seekers.

Table 1. Results of ANCOVA

Variables	Df	MS	F
Control variables			
Job searching duration	1	1356.36	6.04*
No. of failure experience	1	1135.55	5.06*

Sex	1	861.20	3.84*
Age	1	4377.02	19.51***
Degree of education	1	2445.42	10.95***
Existence of license	1	6852.57	30.55***
Independent variables			
Public relations	1	8875.39	39.57***
group			

Dependent variable: Organizational commitment

N=159

\* p<.05, \*\*\* p<.001

The number of non-public relations group is 73, and public relations group is 85. And the averaged monthly expected wage of non-public relations group is 1,390 \$ and that of public relations group is 905 \$. In the Table 1, there is difference in expected wage between non-public relations group and public relations group ( $F=39.57$ ,  $df=1$ ,  $p<.001$ ).

## Study 2

Table 2 shows the effect of public relations to organizational commitment with one-way ANCOVA.

Table 2. Results of ANCOVA

Variables	Df	MS	F
Control variables			
Education industry	1	.256	.716
Medical industry	1	.000	.000
Service industry	1	.045	.125
Food industry	1	.094	.263
Agriculture industry	1	.183	.513
Age	1	.643	1.800
Sex	1	.604	1.691
Line job	1	.093	.259
Part-time job	1	1.293	3.620*
Independent variables			
Public relations	1	1.556	4.359*
group			

Dependent variable: Organizational commitment

N=177

\* p<.05

The number of non-public relations group is 73, and public relations group is 104. And the average organizational commitment of non-public relations group is 3.69 and that of public relations group is 3.31. In the Table 2, there is difference in organizational commitment between non-public relations group and public relations group ( $F=3.620$ ,  $df=1$ ,  $p<.05$ ).

Through these two studies, we can conclude that corporate public promotion about their social employment decrease expected wage of destitute job seeker who finds job in a social

enterprise. And public promotion about their social employment decrease organizational commitment of destitute employee in a social enterprise.

## Discussions

This study suggests that public relations about firm's social employment could decrease expected wages of the destitute so as to damage their organizational commitment. This unexpected effect of public relations may be awful to managers or marketers of social enterprise. Because, public relations of firms are essential to acquiring resources for their alive.

Especially in the recent social context, South Korean government tries to boom the social employment up with direct supporting of labor costs to social enterprises. Thus Korean social enterprises have no choice but emphasizing their social value to acquiring resources.

However in this study, we stress that there is possibility that excessive public promotion about social employment could damage to self respects of the destitute. Thus it could decrease employee's organizational commitment and organizational effectiveness. Organizational commitment is one of critical factor to organizational effectiveness. According to various studies, when an employee is emotionally attached to the organizations, focal individual shows higher job performance, lower absenteeism and turnover rate<sup>121314</sup>. Also, organizational commitment is related with perceived organizational support<sup>1516</sup>, job satisfaction<sup>17181920</sup>, and organizational citizenship behavior<sup>2122232425</sup>.

Therefore in the part of public relation, it is important for a social enterprise to make balance between the effort for enhancing its legitimacy and the caution not to damage to self-respects of employees.

Even though these managerial implications, this study also has some limitations. The critical weakness of this study is that we didn't find out the mechanism from a public relation about firm's social employment to employee's expected wage and organizational commitment. We could simply infer that damage of self-respect and exhaust that they fall to the bottom of pyramid would affect to low expected wage and low organizational commitment. Thus in the consecutive research, we should clarify the psychological factors with more rigorous theoretical backgrounds.

And one more limitation is that we cannot conclude that excessive public relations about social employment have negative relations to organizational commitment of the destitute. Because, we didn't test the linear relation or reverse U-shaped curve relation between public relations of social enterprises and expected wages and organizational citizenship behaviors of the destitute in the field survey. Thus these methodological limitations also should be supplemented in the next study.

As much as one can, through this exploratory research, we hope that originally good institution for social employment would not humiliate the destitute as Avishai Margalit<sup>26</sup> (1998) remarked in the beginning of this paper.

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