

# Analysis of the development of employer branding



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Employer branding is one of the most significant developments in recent times. Banks are increasingly recognising that most brand promises are delivered by people not products. Many studies have shown the gap between an average and a top performer has widened than ever before, and in a downturn, productivity and results matter even more. Having motivated and talented employees can make the difference between business success and failure.

Simon Borrow is acknowledged as the creator of the term “ employer brand” as early as 1990 (Thorne K., 2004). Ulrich D., 1997, employer branding focuses on how the company is seen by current and potential employees with the aim of “ winning the war on talent”. Moreover, Employer Branding helps in recruitment, retention and in becoming an employer of choice. It sets up the uniqueness of the firm as an employer. It labels the firm’s principles, systems, strategies and behaviors towards the objectives of attracting, and retaining the firm’s existing and potential talent employees. Additionally, in a labor market where applicants, more than ever before, are smart consumers constantly assessing the value and rewards of their employment experience, it’s becoming critical for banks to communicate and market their strengths and image as an employer of choice for a competitive advantage.

### **3. 1 Talent attraction and retention**

Figure 1: Talent attraction and retention model

Attraction is the primary point of contact with potential candidates and so it must resonate immediately with the target audience.. If we are able to

attract talent but fail to retain them, then the whole process of attracting goes to a waste. Attracting and retaining are inter-dependant. Failure in one area affects the other. One cannot exist without the other.”

### **3. 1. 1 Talent management.**

In the banking and financial services industry, talent is considered to be “premium.”, according to an article titled “ Corporate Indian companies: - Forging New Talent Pipelines and creative career Pathways”, SHRM India (2008)

‘ Talent management’ is a multi-faced concept that has been researched by HR practitioners, fueled by the war for talent and built on the foundation of strategic HRM. Since 1997, TM has become increasingly crucial when the consultancy firm Mckinsey exposed the “ war for talent” as a “ critical driver of corporate performance”, (Chambers, 1998). The main point of TM is people, namely talents. In an article by Xin Chuai et al (2008) on talent management, ‘ talent’ is defined as “ individuals who have the capability to make a significant difference to the current and future performance of the company”. (Morton 2004, p. 6).

CIPD came up with definition of TM as ‘ the systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organisation’. On the other hand, Duttagupta (2005) asserts that with TM a supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives. Besides, Stainton (2005) supports this argument by claiming that “ TM is concerned with having the right roles

in the right environment with the right manager to enable maximum performance". For example, currently the Royal Bank of Scotland (RBS) is currently making the move from succession planning to what it describes as 'action-oriented talent management'. The bank perceives this as a more fluid and holistic concept when it comes to getting the 'right person, in the right place, at the right time'.

Talent management can also be used to enhance an organisation's image and supports employer branding in the labour market as well as providing a means of enhancing employee engagement to improve retention.

### **3. 1. 2 Talent management framework**

In order for Commercial banks to gain competitive advantage they need to develop a strategic approach to talent management that suits their business and gets the best from their people. TM can also contribute to other strategic objectives, including: firstly building a high performance workplace, secondly encouraging and supporting a learning organisation and finally adding value to the employer of choice and branding agenda.

A talent management framework for industry practitioners was proposed by Deborah R. Phillips et al (2009). The framework consists of five key elements: attracting, selecting, engaging, developing and retaining employees.

Firstly, an organisation have to be innovative when developing a recruitment strategy and should adopt modern methods of recruiting in forms of interactive networking sites, open house events, referral programs, internships, and online job boards. Secondly, it is becoming more usual to

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include an objective measure of performance, such as psychological assessment, in combination with other recruitment tools in order to improve a company's chances of matching the right person to the job.

Thirdly, engaged employees are not difficult to spot in an organisation as they are willing to go the extra mile to help the customer (Gostick and Elton, 2007). When HR managers measure their own organisation's engagement, they immediately want to find out how to improve engagement among all ranks. On their side, Gostick and Elton (2007) report that employees will stay where there is: a quality relationship with his or her manager; opportunities for personal growth and professional development; work-life balance, a feeling of making a difference; meaningful work and adequate training. Additionally, employee retention is closely linked to an organisation's performance management system. Performance management systems should also address how the different generations in the workplace view feedback and the drivers of employee retention.

Therefore, the five strategies recommended in the proposed talent management framework measure performance on all sides. It is very easy to recognise the problem and apply the framework but the toughest part lies in the execution.

### **3. 2 Employer of choice**

As the market for well-qualified and experienced job applicants becomes more highly competitive and with more people likely to change jobs than they ever have been, employers are becoming increasingly aware of the need to manage the image of their organisations that applicants perceive. The

phrase 'employer of choice' is becoming more and more common among employers trying to attract new people, and retain key staff. EOC is defined as those firms whose employment policies and HR management practices give it an edge over its competitors in recruiting and retaining talented workers and optimizing their productivity while maintaining or increasing their profitability and market shares. (Sullivan, 2003)

Another point is that the image the organisation creates as an employer and potential employer seems to be recognised as a competitive differentiator in the same way as customer perception has also been held to be. For example, Baver and Aimen-Smith (1996) found that graduates were more likely to apply to organisations that strongly articulate their environmental policies in their recruitment literature, regardless of whether they consider themselves particularly pro-environmental. Moreover, it is important to recognise, as shown in research by Gatewood et al (1993), that the image of an organisation or company will be perceived differently by different people, hence suggesting that it is particularly important to present a clear, consistent and credible image of organisation to potential candidates.

Finally, Employer of choice recognise the importance of talent as a source of competitive advantage, and is looking to win talent by tailoring employment policy to capture the dynamism of the new era (Ashton et al, 2002). Typical measures might include package of initiatives such as offering career development opportunities, providing challenging, inspiring, enjoyable and flexible work, providing progressive benefits, paying attention to healthy workplace practices, improving incentives and encouraging participation and open communication (CLC, 2000; Hewitt Associates, 2000; Iowe 2001a)

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Based on a fact sheet from the Australian Bankers' association Inc, the Australian banking industry targets to be an employer of choice by adopting people management frameworks for example to ensure that employees maintain a healthy balance between work/life balance, supported by specific policies such as working partly from home.

### **3. 2. 1 Employer of choice strategies**

The global vice president of recruitment for Philips, Jo Pieters, says it is crucial to include and measure both internal and external elements of an employer branding exercise and also " Each and every employee should act as an ambassador of your brand and that requires a strong and recognised internal and external employee value proposition".

One of the most familiar tools of employer branding is employer advertising where organisations use advertising to promote the unique employment proposition they offer potential candidates (Ewing et al., 2002). While advertising is a well accepted tool of employer branding, the employment brand itself encompasses the organisation's values, systems, policies and behaviours toward the aims of attracting, motivating, aligning and retaining the organisation's current and potential employees (Gunasekara, 2002).

### **3. 3 Branding concepts**

Branding has always been an important part of every company's marketing and advertising campaigns. It is an ongoing process where all the tangible and intangible elements of a company's image and its reputation are organised and communicated. A brand is a symbol that constitutes many associations that are made with a name (Gardner and Levy, 1995) and many

things can be branded (Levitt, 1980) including the company itself. However, Swystun (2007) argues that ' a brand encapsulates a mixture of attributes, tangible and intangible, symbolised in a trademark, which if managed properly, creates value and influence' (p. 14).

Employer branding may be the least known type of branding yet it is becoming more and more important to banks. The conference Board report on employer branding (Conference Board, 2001) suggest that organisations have found that effective employer branding leads to competitive advantage, help employees internalise company values and assists in employee retention.

### **3. 3. 1 Corporate branding**

The corporate brand provides a source of competitive advantage by bringing together the company vision, culture and values, with organisational systems and networks, to create a unique organisational value proposition for customers (Knox et al., 2000; Hatch and Schultz, 2003).

Moroko and Uncles (2008) contend that consumer, corporate and employer branding share similar characteristics; that is, a brand has to be noticeable, relevant and resonant, and unique. Notwithstanding, similarities between corporate branding and employer branding can be observed. Ambler and Barrow (1996, p. 187) defines employer brand as ' the package of functional, economic and psychological benefits provided by employment, and identified with the employing company'. In addition, Park et al (1986) categorise brands based on how they fulfill the functional, symbolic and experiential needs.



### **3.3.2 Employer branding**

Employment branding involves the process of placing an image of being a “great place to work” in the mind of targeted candidate pool. Employer branding is same as the concepts of ‘employer of choice’ (Fox, 2003). The relationship between employer branding and employer of choice is that “Successful employer branding is built on the employer’s ability to deliver on its promise and this enables the organization to become ‘an employer of choice’ (Harrison Kim, 2005).

The marketing academics first had great interest on the concept and after some delay, the HR academics took interest in that topic, Martin et al, (2005). In today’s knowledge driven company, all departments have a strategic role to play in bringing the right kind of people into the organisation. Sullivan (2004) defined Employer branding as “a targeted, long-term strategy to manage the awareness and perceptions of employees and related stakeholders with regards to a particular firm”. Also, it conveys your “value proposition” - the totality of your culture, systems, attitudes, and employee relationship along with encouraging your people to embrace and share goals for success, productivity, and satisfaction both on personal and professional levels.

Examples of some international banks which engaged in employer branding are: the Deutsche bank, the Barclays, the state bank of India, the HSBC and many more.

### **3. 3. 3 Internal branding**

The service and corporate branding literature has recognised that staff are influential on customers and other stakeholders' brand perceptions through their role in delivering both functional (what are delivered) and emotional (how they are delivered) values (de Chernatony, 2002). Also internal branding has been proposed to promote the brand inside an organisation, namely to employees (Ahmed et al., 2003). Recent studies (Aurand et al., 2005) support that internal branding enables employees to deliver the brand promise during service encounters because it engenders a shared understanding of a brand across the entire organisation.

Internal branding aims at its utmost to induce employees' behavioural changes to support the delivery of the brand promise (Boone, 2000; Free, 1999). However, there is still a lack of empirical evidence to affirm the link between internal branding and employees' brand performance as this assumption is much of logical reasoning.

### **3. 4 Employer branding framework**

Figure 1: Employer branding framework

According to the framework, potential employees develop an employer brand image from the brand associations that are an outcome of a firm's employer branding. As prospective employees also develop employer brand associations based on information sources that are not employer-controlled, effective employer branding takes a proactive approach by identifying desired brand associations and then striving to develop these associations.

First, Tom et al, (1971) employer image has been found to influence applicant attraction to the organisation, but the specific aspects of image and how it is derived have not been fully understood (Barber, 1998). The better the match between the values of the firm and the values of the individual, the more likely the individual is to be attracted to the organisation (Schneider, 1987; Cable and Judge, 1996; Judge and Cable, 1997).

Product brand equity is strengthened when the brand image resonates with the consumer (Keller, 1998). As brand awareness heightens, consumers begin to develop positive identification with the brand. The more positive the brand is perceived to be, the more highly identified the consumer becomes with the product. As social identity theory suggests, in the end, the consumer purchases the brand because of the positive self-concept that result from feeling membership with the brand. Similarly, as potential employees find positive aspects of the employer image, they are more likely to identify with the brand, and will more likely choose to seek membership with the organisation for the sense of heightened self-image that membership promises.

Lievens and Highhouse (2003) found that symbolic trait inferences of organisations have incremental value over and above instrumental job and organisational attributes like pay or benefits in explaining a company's perceived attractiveness as an employer.

### **3. 5 Importance of employer branding**

Increasingly, firms are using employer branding to attract recruits and assure that current employees are engaged in the culture and the strategy

of the firm. A strong employer brand attracts better applicants (Collins and Stevens, 2002; Slaughter et al, 2004) and shapes their expectations about their employment (Lievens and Highhouse, 2003).

The practice of employer branding is based on the assumption that human capital brings value to the firm, and through skilful investment in human capital, firm performance can be enhanced. In an article on ' the importance of employer branding' by Susan Hunt and Rob Landry, is stated that a strong employer brand helps to differentiate your organization within an increasingly competitive employment market.

Moreover, according to the Conference Board Report on employer branding (Conference Board, 2001) organisations have found that effective employer branding leads to competitive advantage, helps employees internalise company values and assists in employee retention. It also supports a motivated, confident workforce who is agile and well-equipped to take advantage of opportunities during economic recovery and it increases committed and loyal employees towards the company which leads to excellent business gains.

### **3. 6 Employer branding and employer brand loyalty**

Asker (1991) made the claim that brand loyalty is the attachment that a consumer has to a brand. Morgan and hunt (1994) stated that at the heart of brand loyalty is the positive exchange relationship that results from the establishment of trust between the product and the consumer.

Furthermore like the product brand loyalty, the employer brand loyalty also is the commitment that employees make to their employer. It can be

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conceptualised as being shaped by a behavior element that relates to organisation culture and an attitudinal element that relates to organisational identity. It has also been noted by Backhaus and Tikoo (2004) that employer branding is often used to affect organisational culture and organisational identity, and in turn affect employer brand loyalty.

### **3. 7 Organisational culture and employee engagement**

Organisational culture has been described as “ patterns of belief or shared meaning, fragmented or integrated, and supported by various operating norms and rituals, exerting a decisive influence on the overall ability of the organisation to deal with the challenges it faces” (Morgan, 1997).

“ Organisations need to understand the differences among groups of potential recruits and among existing employees by engaging in an ongoing conversation with them,” says Professor Graeme Martin, Glasgow University (Taylor & Jenner, 2007). Communication is also an important part. Employees share their beliefs and views, therefore creating a company’s culture.

Employee engagement has become a widely used and popular term (Robinson et al, 2004). According to Schaufeli et al. (2002, p. 74) engagement is defined “ as a positive, fulfilling, work-related state of mind that is characterised by vigor, dedication, and absorption”. They further state that engagement is not a momentary and specific state, but rather, it is “ a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior” (p. 74).

In other words, the more highly engaged the employee, the more likely he or she will be to say positive things about the organisation, thereby contributing to the development of a positive employer brand.

### **3. 8 Employer attractiveness**

A closely related concept to “ employer branding” is the notion of “ employer attractiveness” where it is defined as the envisioned benefits that a potential employee perceives in working for a specific organisation (Berthon, Ewing and Hah 2005). It constitutes an important concept in knowledge-intensive contexts where attracting employees with superior skills and knowledge comprises a primary source of competitive advantage.

### **3. 9 Psychological contract**

Every time a company looks to attract a new employee; it is entering into a psychological contract with that candidate. Rousseau (1989) defines the psychological contract as “ an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (p. 123). Moreover, he argues that organisations will differ in what is provided as part of this exchange agreement and also they will differ in what is offered or promised to employees. In the same line of thought, Stephen Bevan (2003) in his interview for the work foundation alleged the psychological contract as a written employment contract that exists between employer and employee, based on a set of mutual expectations of behavior from both parties.

In short, the psychological contract is a very important framework to draw on when considering what constitute an organisation's employment brand and what processes are involved in developing a successful employer brand.

### **3. 10 Employee value proposition**

Knox et al (2000) contest that an employer branding programme will involve clarifying what is referred to as the "unique organisational value proposition". This is sometimes simply referred to as the "value proposition" (Martin, 2008) or the "employer"/ "employee value proposition" (Barrow and Mosley, 2005). The presentation of the "package" of reward features or employment advantages and benefits offered to employees will go some way to presenting this and the presentation of organisational values, characteristics and attributes will also help clarify the employer brand value proposition.

As suggested by Dell and Hickey (2002) above, the development of an employee value proposition is an important component of an employer brand. The employee value proposition makes clear to the employee "what's in it for them" or what extrinsic and intrinsic benefits will they receive in exchange of their labour, both now and in the future. According to Morton (2005) in order to effectively recruit and retain scarce labour, organisations "need to create and perpetually refine an employee value proposition" (p. 11); organisations that are able to successfully recruit and retain valued employees are committed to showing "potential employees they are valued and that opportunities exist for them" (p. 11). In developing such a proposition, employers would be well advised to pay attention to the key factors associated with employee recruitment and retention success

discussed elsewhere in this article (e. g. competitive base pay and benefits; learning, skill development and career advancement opportunities; work/life balance; a long term strategic orientation; appropriate decision making authority).

### **3. 11 Candidate value proposition**

The Candidate Value Proposition (CVP) has been recommended to position a company on the job market more effectively and attract talent more successfully (Meller Magdalena, 2008). In his article Frank Mulligan (2008) came up with 6 Steps for an effective candidate value proposition;

Get help, the methodology involved in producing a CVP is very much in the skill set of the marketing department where the marketing people have knowledge of the 4Ps, and can assist HR to build a CVP that will be effective in the marketplace.

Candidate research which a time consuming process. At this step, the candidates are known and information is extracted from them in some sort of focus group situation.

Analysis of results from focus group which needs to be carried out by a market research firm. Here, candidates' expectations, how they view the company and also how they can be enticed to view it in a better light can be interpreted.

Segmentation. The company needs to segment its hiring market and if it does not have a segment, then the company will need to decide it's positioning within that market. This where the hard questions arise about



salaries or balanced work and life scenario. Which one is you more comfortable with and which fits the market best? There are no easy answers here but your answer will determine how successful you can be.

Career & Hiring Message - The key to this is to figure out the question: Why do people want to work in our company? What do they value the most?

Delivery - Now the company have to choose where to present its newly created message.

### **3. 12 Internal marketing.**

The internal marketing concept defines by Kotler (1991) as “ the task of successfully hiring, training and motivating employees to serve the customer well”. Rafiq and Ahmed (1993, p. 220) on their side explain the concept of “ internal marketing” as being based on the idea of “ employee as customer” and consider the concept to have considerable value “ as it directs management attention to employees and emphasises the role of employees in the implementation of strategies”.

#### **3. 12. 1 External marketing**

External marketing of the employer brand establishes the organisation as an employer of choice and thereby enables it to attract the best possible workers. It is assume that the distinctiveness of the brand allows the firm to acquire distinctive human capital. More, once recruits have been attracted by the brand, they develop a set of assumptions about employment with the firm that they will carry into the firm, thereby supporting the firm’s value and enhancing their commitment to the firm (Backhaus, K. B., and Tikoo, S., 2004).

### **3. 13 Employer branding and communication**

A key driver of strong branding is consistent and effective communication with employees. It is highly important to maintain communication with employees throughout their time in an organisation. Employees are the torch bearers of a company's employer brand. Duraturo Carlos, (2010) stated that the employees are the most important asset in the organisation and the most trustworthy brand ambassadors. This is also why it is crucial that the external message towards future talent is handed up by the current employees. Satisfied employees are the best communication channels the organisation can get.

Nonetheless, in the article, " The Finance Sector: How can employer branding still attract graduates in the recession-battered banking sector?", Alex Waters (2009), director The Value Engineers, the employer brand consultancy believes that " All the banks use the same wording as each other; they all play a very safe, traditional branding game because they know they're still a good organisation to work for".

### **3. 14 internal service quality**

The service profit chain is a well-received model used to explain the sustainable competitiveness of many service organisations (Lau, 2000: 422). It is ' involving direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity.' Heskett et al. (1997, p. 11).

Furthermore, Zeithaml et al (1990) debate on the concept as it relates to their model of service-provider gaps. The components of internal service quality consists several of what these authors call “ the antecedents of service-provider gaps”. That is, internal service quality problems are described as responsible for many of the customer-perceived service problems in industries.

The external quality of service consists of: salaries, red envelope, welfare, comfortable working environment and the intrinsic quality of service provided by the company, can be in form employee satisfaction on the work itself, harmonious relationships between colleagues to promote team spirit and cooperative attitude.

### **3. 15 Factors impacting on employer branding**

Firstly, according to Deborah Fernon, (2008) poor communication between departments involved in employer branding can impact on employer brand. Moreover, there is lack of recognition of employer branding as a vital element of corporate strategy. it has also been noted that the size of the organisation do have an impact, paradoxically, bigger organisations reported more problems than smaller ones, though it is often assumed that employer branding is relevant only to large companies.

### **3. 16 Challenges for Employer branding**

One main challenge can be if the organisation practices and processes are not aligned with its employer promises, even before the employees start employment, then it will not be in a position to deliver on their promises.

Another challenge (Deborah Fernon, 2008) can be to ensure authenticity and alignment of the employer brand within the organisation.

Moreover, in an article “ A Talent Shortage for European Banks”, McKinsey Quarterly, it is mentioned that the European banks are facing a looming talent shortage and in the next five years, some large institutions will face difficulties filling positions crucial to the execution of their evolving strategies.

### **3. 17 Best practices in employer branding**

Employment branding uses the tools of marketing research, PR and advertising to change the image applicants have of “ what is it like to work at the firm” (Sullivan, 1999) and also, improvement in the external and internal communication, signals to the potential talent about the total employee experience there. The word of mouth publicity is most effective way of recruiting (Fortune, 2005). Networking is also a preferred method of recruiting top job candidates today.

Some practices of the best employer brands are empowerment, work-life balance, high degree of motivation, flexible working hours/telecommuting, team and individual recognition, opportunities of building your resume and continuous learning environment.

Furthermore, In order to succeed employer branding needs an integrated process, which could link marketing, corporate communications, and HR departments; and the support of upper management. The link between HR and marketing departments is very important, because employer branding needs an effort from both of them. Even the best recruitment advertising will

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be pointless if communication among an organisation's employees inside the organisation is disconnected (Minchington & Thome, 2007)