

Keynote Address

Building the Employer Image: The HR Challenge



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Introduction

As part of their role, HR professionals constantly need to assess their efforts in terms of the responses to the following questions:

1. Do we have the workforce needed for our organization to achieve at the highest possible level?
2. Are our employees highly engaged in their work roles?
3. To what extent are our employees adding value to our brand image?

The answers, whatever they may be, are very likely to be related to another critical question, namely: “What is the image of our organization as an employer in the eyes of potential new employees as well as the current staff?” This paper looks firstly at the mechanism for building that image, and secondly the relevance and significance of HRM taking a leading role in this process.

The development of image is, of course, strongly influenced by the strategy of branding, and it is the adoption of branding principles and practices to meet HRM related objectives that characterizes the subject of this paper, the process of employer branding.

Branding

Larry Ellison, founder of Oracle, is reputed to have said: “Your brand is what people say about you when you’ve left the room”(CHRIE, 2011). Brand is about image, reputation and identity. It may represent fact, but it always represents perception. One comprehensive definition of a brand in fact describes it as “a collection of perceptions in the mind of the consumer” (Kapoor, 2010, p.51). It can take a variety of forms: the product brand, the corporate brand or, more recently, the employer brand. Not only does the brand make people want to buy, it can also add “something to our idea of ourselves” (Olins, 2003). In brief, the brand is a powerful tool in creating a sense of affiliation to a corporate purpose. This people-power can apply just as much to the employees of the organization as to those who buy its products.

Historically, brands can be traced back to post-Civil War America when the attributes of various elixirs were widely promoted to a public less familiar than today with commercial advertising (Rosethorn, 2009). As a result of the rapid increase in availability of consumer goods in the 1920s advertising became both more scientific and competitive, with a consequent change to the brand image of popular products. During the 1970s retailing became a much more potent force, and this factor together with the rise of new forms of promotion, distribution systems and media channels and the increase in consumer wealth in many countries created brands that were just not names or images but concepts in themselves. Nike, McDonalds, Pierre Cardin and Microsoft are just a few examples.

These product, or consumer, brands became household words not just simply because of their name but rather from the holistic image they portrayed. That image was a fusion of a range of components – the product, the company itself, the level of service and value adding, and the extent to which principles of corporate social responsibility are manifest. Organisations

became aware, therefore, that it was not simply the product brand that mattered but also their own external image. The need for a corporate identity which complemented and reinforced the product identity was recognized, developed and presented to the external world through a second brand dimension, the corporate brand, which endeavoured to build the image of an organization in the eyes of its stakeholders (Einwiller and Will, 2002).

It became quite evident that the external face of the organization must also reflect its inner workings. A mismatch between the two has every possibility of creating cognitive dissonance about the organisation in the minds of stakeholders. Theorists turned to the concept of organizational identity, the central enduring and distinctive character of an organization (Albert and Whetten, 1985). Corporate identity is a manifestation of management's key idea of an organization as expressed to an external audience; organizational identity is a collective, shared understanding of the functional aspects in terms of an organization's distinctive values and characteristics (Stuart, 2002).

Astute brand developers realized the importance of integrating all the external and internal identities to create a composite and holistic image of an organization. An important element they were careful not to forget was the role of the employees as a vital dimension of the brand (Roddick, 1991).

Employer Branding

As the 1990s progressed it was increasingly noticeable that attracting and retaining the best employees for an organization was becoming not only important to brand development and maintenance but also more difficult to achieve, partly due to the changing demography of developed nations as well as the high-maintenance, high expectation and high self-interest attitude attributed to the Generation Y talent segment (those born between 1977 and 1995). Rosethorn (2009, p.8) has summed it up as follows:

“Job security is a thing of the past as companies grow and shrink, hire and fire. ‘Job consumers’ in turn have more choice and less affiliation to a single employer. They vote with their feet, more freely and happily than before, and loyalty to a corporate purpose is much harder to create and sustain. Research shows again and again that employees feel more loyalty to their colleagues than to the organization, and these priorities are particularly prevalent in the attitudes of Generation Y.”

During the mid-1990s a third organizational branding concept emerged in response to these trends – the employer brand. All organizations that employ people have an employer brand whether they realize it or not. However, since the introduction of the term “employer branding” in 1996, firms from a diverse range of industry sectors have formally defined and are strategically managing their image in the eyes of current and prospective employees in order to gain the benefits that the process is purported to produce. The term “employer brand” can be defined as “the package of functional, economic and psychological benefits provided by employment, and identified with the employing company” (Ambler and Barrow, 1996) while “the sum of a company's efforts to communicate to existing and prospective staff that it is a desirable place to work” (Lloyd, 2002) describes its main objectives. Although employer branding strategies may have been around for some time previously, it was the emerging struggle to attract talented workers that encouraged professional firms in the US in particular to look more carefully at what distinguished them as employers and then to think of their employment proposition as a brand similar to their corporate or customer brands (Carrington,

2007). The result has been an increase in expenditure on employer branding which may be indicative that organisations are finding it a worthwhile practice (Backhaus and Tikoo, 2004).

There are a number of reasons why the need to recruit and retain staff has become such an important issue for organizations. Foremost is the increasing level of recognition of the importance of the value of human capital within an organization. The value of companies is now much more centred on intellectual rather than hard assets, now estimated to be near 70% (Rosethorn, 2009) resulting in an increasing demand for skilled and technologically cognizant employees (Moroko and Uncles, 2008). At the same time, demographic and social factors have already reduced the supply of skilled labour. While in OECD countries ten active workers supported four older, inactive people in 2000, this will increase to seven inactive people by the year 2050. This skill shortage is likely to create a 30% decrease in productivity over that period if it is not addressed (Taylor, 2005).

The impact of employees is not just confined to direct productivity outcomes. Their interaction with consumers is recognized as an important contributor to brand development, especially in service industries (Moroko and Uncles, 2008).

Recent research indicates that employer branding is a current management priority in leading companies, and increasing in importance due to the shortage of skilled labour, greater efficiency needs in times of economic stringency, increasing market competitiveness and the advantages of retaining committed employees who will contribute to the quality and popularity of the product brand (Van Mossevelde, 2010).

It could be easy to view employer branding as a fad which lacks relevance during a recession and is wasteful of both time and money (Sheppard, 2010). However, even though economies have experienced the Global Financial Crisis in recent years, the Chartered Institute of Personnel and Development claims that 68% of employers in the United Kingdom still experienced recruitment difficulties in 2010 (Tweedy, 2011).

A body of branding theory already exists in relation to product (or consumer) and corporate branding and which may be relevant to employer branding, although the focus differs in that the latter is directed specifically at the workforce within the organization. As such it is generally seen as falling within the province of the human resource management (HRM) function of an organization although there is an increasing trend for this role to be managed by multi-disciplinary teams composed of marketing, communications and HRM personnel (Minchington, 2009).

Employer Branding in Sri Lanka

Incidental reports indicate that employer branding is systematically practiced by Sri Lankan companies but the number and extent does not appear to be documented and little published in-country research on the topic has been identified. Recognition of brands through various awards and ranking surveys is practiced and the results publicized through a range of media. The UK Superbrands organization publishes a biennial book of what they consider to be the 20-30 highest quality product brands in Sri Lanka. Two separate ranking lists are compiled by Brand Finance Lanka. The first indicates the top 100 product brands as determined from consumer research (Lanka Business Online, 2009), while the second lists the country's top 200 brands in terms of product brand value (Brands Annual, 2010).

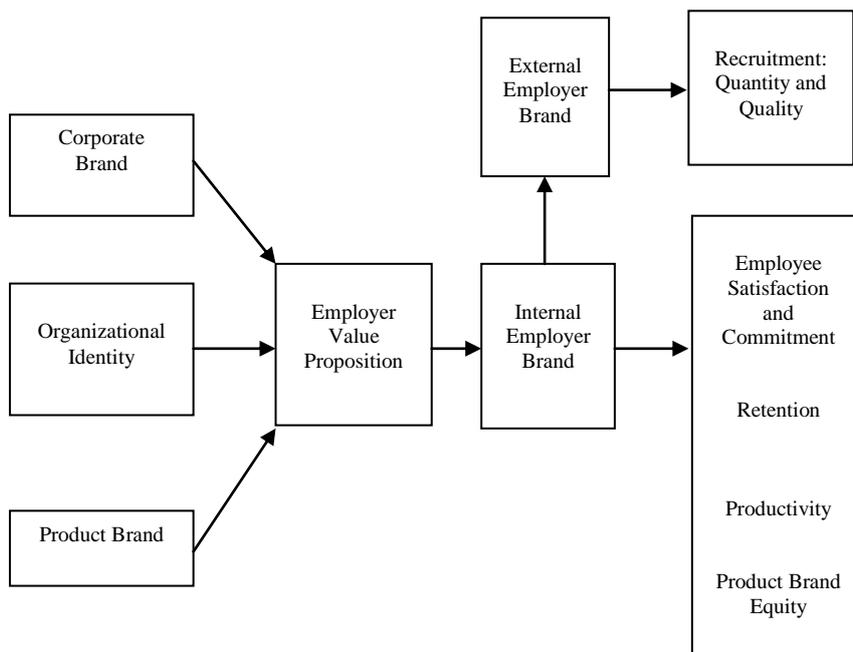
Of greater relevance to employer branding however, is the Lanka Monthly Digest (LMD) Top 100 Most Respected Entities in Sri Lanka (Lanka Monthly Digest, 2010). Based on The Neilson Company survey of 800 business people attached to organizations within the Greater Colombo region the business entities were rated on 10 criteria – financial performance, quality consciousness, management profile, work environment, corporate social responsibility, honesty, innovation, dynamism, vision and nation-mindedness. Many of these criteria are closely linked with the factors that influence the image of the organization as an employer. However, to what extent any of these companies have adopted an employer branding strategy is not known.

Sri Lankan organizations have similar demands as do their developed nation counterparts in attracting and retaining top talent, especially in the light of a growing post-internal war economy, a shortage of graduate applicants in a number of occupation sectors, and the availability of competitive overseas employment opportunities particularly in the Middle East. 266, 450 Sri Lankans were registered by the Foreign Employment Bureau as leaving for overseas work in 2010 out of a total workforce of approximately 8 million (Sri Lankan Foreign Employment Bureau, 2012). An additional factor affecting the business sector is the local perception that the security, flexibility and less-pressured work environment of the public service offers a more attractive employment proposition. The official unemployment rate in December, 2010 stood at 4.9% (International Monetary Fund, 2012).

Employer Branding Process

The process of developing an employer brand has several key elements.

Employer Branding Model



The development of an employer brand begins with the Employer Value Proposition (EVP), “a clear picture of what your organization stands for, offers and requires as an employer” (CIPD, UK). It should encompass information about an organisation’s culture, management, employee characteristics, product and quality of service. In relation to employees it needs to consider rewards, opportunity, organization, work and people. For the EVP to be effective it needs to be:

- driven by the CEO and senior management
- communicated effectively throughout the organization
- structured to meet the needs of all sectors within the organization
- able to establish a sound psychological contract between the employer and the employees
- offer a uniqueness over competing employers

As indicated in the employer branding model, it is likely that the EVP will be strongly influenced by other organisational characteristics and identities, principally the corporate brand, internal identity and the product brand.

From the EVP evolves the employer brand which has two faces. One is the external brand, the outward image of the organization as an employer. The external brand presents “the promise” as to what an employer can offer and should be designed to attract the required number and quality of employees that the organization requires. It needs to be focused upon the attributes most important to those the organization hopes to attract. Research has shown that in Sri Lanka the most attractive attributes relate to gaining experience for career development, future opportunities, building personal qualities such as self-esteem and confidence, being appreciated for what is done in the workplace, and building good relationships with superiors and colleagues (Arachchige and Robertson, 2011).

The other face of the employer is represented by the internal brand, which presents “the delivery” to current employees of the promise that convinced them to join the organization. Communication and training have a significant role in ensuring that the brand image is fully compatible with employer and employee goals and expectations.

Of course, if the delivery doesn’t match the promise then the consequences for the organization will be a cognitive dissonance, a disharmony where expectations do not match reality. The result will most likely be employee dissatisfaction within the enterprise.

Where employer branding is successfully implemented there can be demonstrable benefits. These include meeting the requirements for recruitment through the external brand, and improved employee satisfaction and commitment, employee retention, higher levels of productivity and greater value adding to the product brand.

A 2008 study indicated that 60% of organizations sampled were unclear as to who was responsible for building and maintaining the employer brand (Tavassoli, 2008). There is a general impression that, as employer branding is related to recruitment, it is by default an HR function. Academic researchers in the HR field have, however, shown very little interest in employer branding (Gollan and Perkins, 2009) possibly because of the uncertainty as to whether the subject lies within their purview or that of marketing, the source of branding theory and practice (Edwards, 2010). The main thrust for HR involvement has come from professional organizations such as the Chartered Institute for Personnel and Development (CIPD). Their attitude is succinctly expressed in the following statement from one of their recent publications (CIPD, 2010, p.2):

“HR professionals continue in the search for credibility and strategic influence. Embracing the language and conceptual tools of brand power seems an obvious choice.”

What does this all mean for HR?

1. It is my belief that the opportunity for HR to be at the cutting edge of decision making in relation to the mission and vision, and to be instrumental in supporting the directors, CEO and senior management, for if employer branding is to be successful it must be driven from the highest levels.
2. HR must be highly involved in the formulation of the EVP and subsequently ensuring that it is embedded in the ethos and operations of the whole organization.
3. It can assist in the transformational leadership that is needed, the role modeling that must demonstrate “living the brand”, the communication, both verbal and non-verbal, that builds commitment and trust between employer and employee, the consistency and distinctiveness of action, and the careful control of each interaction with employees (the touch-points, or moments of truth) that demonstrate that the brand is alive and well.
4. It should be the role of HR to regularly review and monitor the employer brand and its effectiveness in an organization
5. HR should also take the lead in developing the external employer brand from the base of the internal employer brand. In this case it is important that HR works closely in conjunction with the marketing, PR and communications sections of their organization in order that the core message of the brand is effectively transmitted to its audience, namely the prospective employees. There are numerous ways in which the employer brand can be transmitted – through websites, brochures and associated publications, newspapers and promotional events such as exhibitions and trade fairs, to mention some of the most popular approaches.

It is important that HR should take a leading role in the employer branding process as it offers a strong pathway for high level involvement in especially medium and large size organisations. However, it must be remembered that it is not an easy road as while there have been many successful applications of employer branding there are also many documented failures.

For success, I offer a few suggestions which I have drawn from my research into this field.

1. Ensure that the promise to prospective employees contained in the external brand is matched with the delivery to current employees.
2. Just as the product brand is manifested through the interaction between the organization and its clients, the moments of truth, the credibility of the employer brand is also dependent on the ability of the relationship between the employer and employees to reflect “living the brand”.
3. For employer branding to be successful it is important that the branding process is fully implemented. My research has shown that employer branding is only effective in improving recruitment and productivity outcomes if it is fully developed and embedded in an organization (Robertson and Khatibi, 2013).
4. Ongoing research and monitoring are essential if the brand is to be effective.
5. Be realistic in what you can promise and deliver. If your promises cannot be met employee disillusionment is likely to be the result.
6. To make your brand stand out from the competition it needs to be distinctive. It is your signature.

Conclusion

There are many companies who are very successful employers although they do not practice a formal employer branding strategy. Branding is about creating a perception of your

company in the eyes of others, and that perception can come about through any one or more of a number of brands – the corporate brand, organisational identity or the product brand, as well as the employer brand. However, for the most effective solution to meeting and maintaining manpower goals, employer branding can provide the answer. To all engaged in, or going to be engaged in, the HR profession, it is important the opportunities provided through effective employer branding are explored and developed in order to build the effectiveness of the HR role as well as its professional standing within the world of business and management.

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