

AN EMPIRICAL STUDY ON EXTERNAL AND INTERNAL EMPLOYER BRANDING

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ABSTRACT

Over the years, we've spent a ton of time talking about employment branding. In its various aspects, employment branding is a key part of the equation for long term recruiting and talent management. This research reveals about the importance of Internal Branding and External Branding. Internal Branding is concerned with the current and potential employees' information about the employment experience and what is expected of them. External branding refers to branding which is done by using external sources and which may (or may not) require some investment in monetary or other forms.

Key words – Employer branding, internal branding, external branding, potential employees, recruitment and talent management.

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1.0 INTRODUCTION

“Employer branding is a journey - and not one which should be abandoned at a time when budgets are under pressure”

Companies are increasingly being forced to compete on a global scale for human resources and are struggling to understand how to position themselves and make Organizations around the globe are facing the difficulty of attracting talent and retaining quality employees, a lack of employee loyalty, increased overseas competition, enhanced generational change and a shortage of skilled candidates. Historically, an employer branding exercise meant calling in your advertising agency to conduct a brainstorming session to develop a new slogan. Thanks to the increasing competition for talent, this discipline has evolved into a much more sophisticated process. Branding isn't just about slogans, logos and design; it's about defining what's known as your “Employment Value Proposition,” or EVP, and developing a focused communications campaign with your target labor market. So where do you begin? It all starts with your EVP. If your employees love working for your company and buy into your employer brand, they will be your best advertising. Employer brand represents a unique value proposition about what individuals might receive as a result of working for a particular employer. This proposition, if delivered as promised, also contributes to a firm's positive reputation as a workplace.

Example of such organization is of McDonalds that Employer branding strategies adopted by McDonald's Corporation, one of the largest fast food chains in the world. Since the 1980s, entry-level jobs at McDonald's had come to be associated with low-paying dead end jobs. The term 'McJobs' had become synonymous with low-prestige, low-benefit, and no-future jobs in the service or retail sector particularly at fast food restaurants and retail stores. Though the term was coined to describe jobs at McDonald's, it was later used to refer to any low-status job where little training was required and workers' activities were strictly regulated. The case discusses how McDonald's systemically tried to redefine the term 'McJobs' and improve its employer brand since the early 2000s.

2.0 EMPLOYER BRANDING

American Marketing Association define as, “A brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers.”

Employer brand was first used in the early 1990s to denote an organization’s reputation as an employer. Since then, it has become widely adopted by the global management community. Minchington (2005) defines employer brand as “the image of your organization as a ‘great place to work’”. Employer branding is creating this image.

The concept of a brand is one of the key elements of this research. It is crucial to first understand the fundamentals of a brand that is the carrying theme of this research in order to further explore the main topic of this study, Employer Branding. The connection between these two study areas will be discussed later on. When we think of brands we can differentiate product manufacturers and service providers from their competitors. For example, if we think of car brands we can name more than one and most often, we also can name some distinctive features, colors, shapes or other characteristics that differentiate them. This distinctive element of brand is one of the Foundational elements of this research. Then the idea of using brand as a strategic asset is discussed and the various benefits of a strong brand are explained. “Employer branding” is an emerging discipline with its roots in classical marketing and HR principles. Its aim is to develop an image of the organization as an “employer of choice” in the minds of existing and potential employees, as well as other stakeholders including customers and recruiters. The objective is not only to offer these tangible benefits, but to also develop an emotional link with them. A strong employer brand should connect an organization’s values, people strategy and HR policies and be linked to the company brand.

3.0 PRACTICE OF EMPLOYER BRANDING

The idea of Employer Branding comes from the assumption that human capital brings value to the company and through well handled investment in its human capital the company’s performance can be improved (Backhaus & Tikoo 2004, p. 503). The resource-based view (RBV) discussed earlier suggests that characteristics of a firm’s assets can contribute to sustainable competitive advantage and it is consistent with Backhaus & Tikoo’s (2004) argument above as possession of

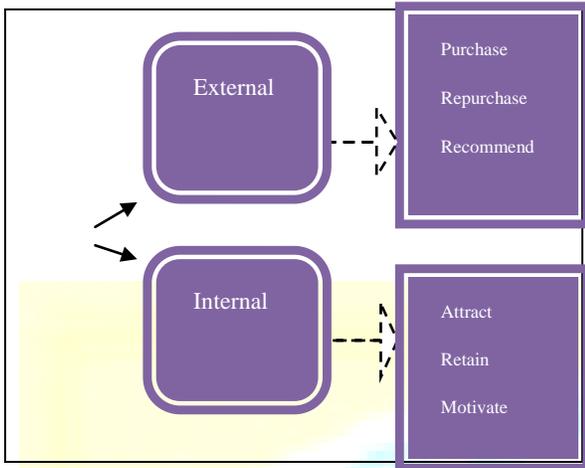
resources that are rare, non substitutable, difficult to imitate and valuable which give companies advantage in contrast to their competitors (Backhaus & Tikoo 2004, p. 503). Commonly company assets, other than human capital, have been considered as important resources in

Creating competitive advantage (Priem & Butler, 2001) but the current technological society cannot be beneficial without talented people. For example, Boxall's (2003) studies have shown the importance of human resources. He argued that a company with the latest network facilities just cannot achieve its competitive advantage without highly competent people to utilize them. To attract the best possible workers, companies need to apply external marketing of the Employer Brand to implicate that "We are a company of choice" as the general assumption is that a distinctive brand attracts better human capital to the company. (Backhaus & Tikoo 2004, p. 503). Usually it is assumed that these employees start their careers in the company with a favorable image of the employer, which has a positive influence on their work and commitment.

When it comes to the practices of Employer Branding, there are several factors that enable or hinder a company to gain the benefits listed above. Those factors, or qualities, can be divided into internal and external qualities (Barrow & Mosley, 2006). External qualities include factors like external reputation, pool of potential employees and ranking against other companies Employer Brand. On the other hand, internal qualities include elements such as recruitment and induction, reward and recognition, employee satisfaction, working environment and learning and development.

The case of Google illustrates how an organization alive to the changing needs, can make a huge positive impact. Recently, Universum voted Google as the most attractive employer. This comes as no surprise to anyone following Google's corporate philosophy. 'Googleplex', the corporate headquarters of Google in California is synonymous with providing a balance of work and fun. Some of the facilities in Googleplex include foosball (table football), pool tables, volleyball courts, assorted video games, pianos, ping-pong tables, and gyms that offer yoga and dance classes.

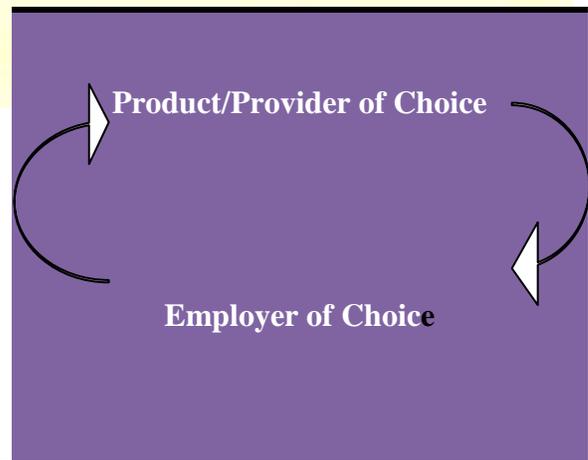
4.0 BRANDING CAN BE DONE IN TWO WAYS:



4.1 ALIGNING EXTERNAL AND INTERNAL BRANDING

Every organization has both an external and an internal brand. For decades, however, business has focused almost exclusively on consumer or external branding. That situation is changing. The importance of external branding in securing customer loyalty is well documented. And we are now coming to appreciate how important internal branding can be. There is a fast-growing body of research that clearly shows internal branding is an important driver of external brand success. What is not to be overlooked, however, is how internal branding helps to feed that employer-of-choice status that keeps the system in balance. Simply put, there is a direct link between how your employees perceive the company and how they help you to deliver your external brand promises. In other words, if they believe in you, they'll go to bat for you wholeheartedly. The only way to align their perceptions is to communicate your brand so your employees can understand and know that they share the underlying values. But the key to success is that the communication has to be holistic. We all know stories about organizations that claim people come first, but then fail to follow through on the commitment. Any disconnect between words and behavior belies the promise and inevitably leads to failure.

From this point of view, total rewards looks like a marketing tool. It's a strategy designed to give employees a combination of tangible and intangible proofs of the value system that drives all aspects of a company's business life. The idea is that people who work for you because you are their employer of choice are a lot more inclined to deliver the level of quality and service that you need to make your



organization a provider of choice for customers. At this point you may well be saying, “Wait a minute. I thought total rewards were a human resources strategy, a human asset management tool.” It is. Yet just like external and internal branding form a closed loop system, so do internal branding and total rewards. They work together like chickens and eggs (or eggs and chickens, depending on your perspective).

4.2 INTERNAL BRANDING IN THE TOTAL REWARDS ENVIRONMENT

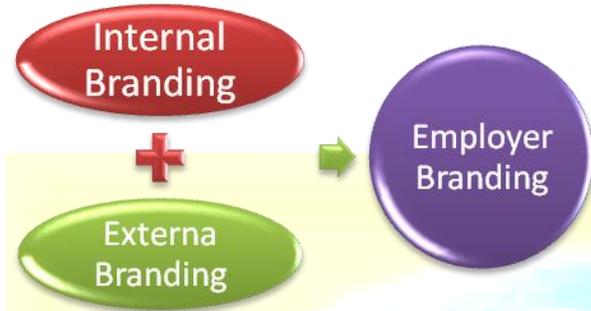
Employer branding has become a focal point for recruiters in their search for talent. And it's taking on an ever-more important role in employee retention and motivation programs. So how does employer branding feed that employer-of choice objective that underlies total rewards?

First, a strong employer brand helps to differentiate your organization within an increasingly competitive employment market. By earning a reputation for sustaining the same values internally as your brand promises externally, or simply by creating a highly recognizable internal brand, potential employees are predisposed to give increased weight to your company's intangibles when seeking employment or considering an offer. The other side of this positioning is that your brand as an employer serves as a talent self-selection tool. When an organization's expectations and commitments are well articulated, there is a much greater potential for cultural fit to be appropriately self-assessed before a candidate ever presents her or himself.

Second, the trend to outsourcing various components of your total rewards strategy makes those rewards more generic. Employer branding is the way to differentiate them. Within the context of a strong employer brand, individual reward components take on the attributes of the bigger picture and the whole package becomes a unique offering.

Third, a well-managed employer brand not only helps to define the parameters of an effective total rewards strategy, it facilitates the implementation of individual components. The objective of continually strengthening the employer brand may provide a clear indication of what needs to be added or changed within the total rewards package. Then when it's time to implement something new, the strength of the internal brand may greatly assist in characterizing the initiative as being of value to the employees.

4.3 EMPLOYER BRANDING SCOPE



Source: Modified from Employer Branding definitions of: Backaus & Tikoo (2004), Berthon et al. (2005) Davies (2008), Gaddam (2008).

This is a market oriented era. If you have a good brand value in market, you will get good response if not; it's very difficult to convince people. From an HR point of view branding is very important. If your organization has a good brand image in the market, it will help you in getting right workforce at right time and at the same time you will have a control over the employee cost. An organization with no brand name has to shell out lots of money to attract and retain the right candidate.

4.3.1 INTERNAL BRANDING

Internal Branding is concerned with the current and potential employees' information about the employment experience and what is expected of them.

Front office – Always pay attention to your front office because first impression is last impression. It should be kept neat and clean with a pleasant receptionist who always maintains freshness and welcomes the guests with courtesy.

Stays interview – HR department can always conduct stay interviews in which they can interact with the employee and ask them regarding their career prospects, their alignment with the company, their feedback regarding their concerned departments, etc. These feedbacks could be analyzed and therefore an internal brand image of the country can be created.

Exit interview – An exit always carries a fair chance of initiating the chain reaction among the employees. By analyzing the exiting reasons, the organization can overcome the justified ones in the future.

Employee satisfaction: Employee satisfaction is always very important for any organization to grow. A satisfied employee is a productive employee. The company must create a good and positive rapport for the company in the market outside.

Policy information: A policy should be designed in such a way that it holds good even after a long period of time. A frequent internal policy change sends a message to the outer world that the company is not consistent and reliable.

Customer orientation: Customers are always the most important factors in business activities. The workforce should always be motivated towards delivery of customers' perceived requirements

Employee participation: Always try to ensure the maximum participation from the employee side, either in terms of internal events participation or external events.

4.3.2 EXTERNAL BRANDING

External branding refers to branding which is done by using external sources and which may (or may not) require some investment in monetary or other forms.

Use of job sites – As HR the first thing which comes to the mind is recruitment, so Job sites also offer good branding opportunities through different means like Pop ups, pop ins etc.

Banners – Banners are also a good mean for branding. Banners can be of both types' means Online Banner and Street banners. By Online banner, the organization name will be flashed on different web pages as per your choice and price.

Organizing seminar, presentation: The organization can organize talks, presentations, seminars etc. for attracting people towards your organization.

Corporate social responsibility: (CSR) Corporate social responsibility refers to Corporate getting associated with society for some noble cause. The association can be in any mode either getting associated with a Charitable Trust or a NGO or some other public venture.

Public events – Public events are one of the major ways of creating a brand image. An organization can participate in any of the public event and assuring that it does not get disappeared in the crowd of many brands or big names.

Newspapers branding can be done through newspapers as well. If you target the local public, you can go for advertisements considering the individual day circulation, target readers, rapport of newspaper, type of newspaper etc. If you target only to employ people for your workforce requirement, you can place job Ads which may seem expensive at the first glance but in terms of attracting the correct workforce, it can do magic.

Email – For mail ids related to job portals, the organization can create an auto reply which can contain brief description of the key aspects of candidate's and public interest and at the same time introducing that company to the public.

5.0 BRANDING STRATEGY

A) Nature of Business – Branding should be based on the nature of business. Like if an IT company goes for a fashion show, it may not yield the same results as it would have got by going to IT Fair or something similar. A real estate company may go for some road show on property market.

B) Nature of Market – It is always recommended to gauge the market before going for any project which involves market risk Like if you are targeting to explore a Financial market or banking and at the same time it is marred by some other factors like Inflation, you need to design your strategy which could help you in overcoming the negative trend.

C) Reception Target – It's always good to define the reception target or the audiences. If you are planning to sell Villas and targeting the middle class, probability is very high that you will end up spending your time and resources in wrong direction.

D) Budget Flexibility – Budget always plays an important role in deciding the strategies. If your budget doesn't allow you to spend a lot, it's always recommended to partner in any event where other participants are not of your field and it has got at least one participant who has got a good market value so that you can attract the crowd.

E) Long Term Mission of Organization – Also the long term as well as short term goals of the organization should be kept in mind. If the organization does not have any long term goals in the target market or location, it's always recommendable not to go for branding or it is very much required go for a small, low budgeted branding event.

F) Organizational Structure – Organizational structure is also very vital part for deciding any strategy. Organizational structure is the strength of any organization and any event or branding can be done based on that. Like if your organization does not have lots of hierarchy steps, you can boast of Flatness and claim of equal behavior. And if you have different layers, you can market the clear definition of roles etc.

CONCLUSION:

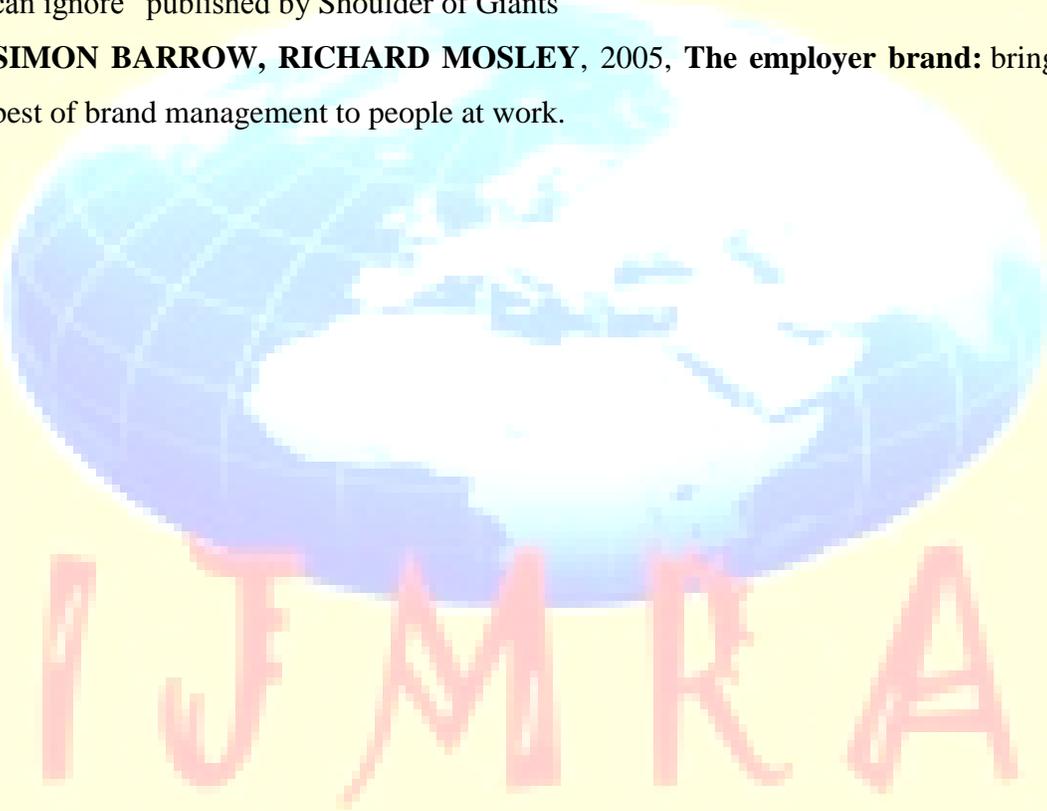
Employer brand image which exist in the organization are differentiated in the market place. Customer satisfaction, Loyalty and perceptions regarding the company are interrelated with branding. Company should engage in internal branding and encourages the employees to believe in company's brand values through which employees would get recognition for behaving consistently with the brand values which in turn helps the employees to make decisions when dealing with the customers, suppliers, and direct reports.

Employees are benefited with well defined policies, attractive salary packages, proper work life balance, Bigger teams to work with, flexible work timings, International career opportunities, secured employment, getting sponsors for higher education and recognition for good work and references for next job.

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