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THE EMPLOYER BRAND

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Abstract

This paper assesses the possible application of brand management techniques to human resource management (HR). We set the context by reviewing current HR concerns and define the "Employer Brand" concept. We report pilot qualitative research with top executives of 27 UK companies, who were asked to reflect on their HR practices.

This exploratory research supports the idea that brand thinking can indeed be applied to the employment situation. Bringing these usually separated roles closer together would bring mutual benefit and lead to comparable performance measures, e.g. trust and commitment. There are indications that strong corporate equity with the brand's customers can improve the return on HR, while at the same time improved HR can improve the return on brand equity from external customers. Formal, larger scale research would be required to establish the parameters of these relationships.

The Employer Brand

Annual reports frequently extol people as the company's most important resource, and/or its brands as its greatest assets. Nurture these, and the bottom line will take care of itself – or so the wish goes. The wish may not always parent the event, but our concern here is to explore bringing the usually separate disciplines of human resources (HR) and brand marketing into a single conceptual framework.

Berry (1983) defined relationship marketing as "attracting, maintaining and - in multi-service organisations - enhancing customer relationships". Kotler (1990) shifted from his traditional microeconomic orientation to seeing the marketplace as a "network of value laden relationships". Sheth and Parvatiyar (1995) extended relationship marketing from the one-to-one business optimisation between immediate suppliers and their customers to consumer marketing in general. This paper explores the reciprocal of this humanistic approach to marketing, namely a marketing approach to HR.

In defining the "Employer Brand", we suggest that there is considerable synergy between the processes of nurturing brands on the one hand and human resources on the other. Olins (1996) has also suggested that HR techniques increasingly resemble those of traditional marketing and that both these promotional activities concern the identity of the corporation. It might therefore be sensible to bring them together. Whilst Olins is concerned with corporate identity, such visual imagery should represent the underlying reality of the organisational culture.

An improvement in employee motivation should lead to improved employee performance which should, in turn, lead to improved customer relationships and thus strengthened brand equity which should have an impact on motivation, completing a virtuous circle. As Kotter and Hesketh (1992) and Collins and Porras (1994) have noted, companies with strong customer relationships and brand equity tend to be characterised both by positive employee relationships and superior long-term performance. Whilst there is a literature on "internal marketing", the direct brand/employee management comparison has not previously been made.

Internal marketing (IM) has been defined as "marketing to employees of an organization to ensure that they are effectively carrying out desired programs and policies" (Bennett, 1995, p143). Despite the American Marketing Association's imprint on Bennett's dictionary, some will reject this somewhat manipulative understanding of marketing and employee relationships. Kotler (1994, p22) defines IM as "the task of successfully hiring, training, and motivating able employees to serve the customer well"; still somewhat uni-directional.

IM has been widely noted, mostly in the context of services marketing, but not seriously researched (Fisk, Brown and Bitner, 1993; Foreman and Money, 1995).

Foreman and Money classify IM into a 2x2 matrix based on who does the IM and to whom it is done: the entire organisation or a specific department. Type IV IM (the whole organisation applying IM to itself) is the variant closest to the theme of this paper. It is also furthest from the populist view of IM being merely the means by which the marketing departments persuades the rest of the organisation to do what it wants. Gronroos (1990) sees IM along type IV lines as a way of seeing the customer in every individual and the individual in every customer.

Foreman and Money distil type IV IM into three factors: employee development, rewards and a vision in which employees can believe. They have difficulty, however, in distinguishing IM from good HR practices partly because the extent to which employees should be truly involved in decision-making has yet to be formalised and will vary from organisation to organisation. They suggest that transaction cost economics (Williamson, 1981) will supply the answers. Measurement will surely be essential but, in this paper, we argue that seeing the employer as a "brand" will prove more fruitful.

Following a discussion of current HR concerns and the possible application of marketing and brand management theory to the concept of the "Employer Brand", which we will define, we present the findings of qualitative research interviews with top executives of 27 UK companies, who were asked to reflect on their HR practices. Whilst it is not currently part of their HR thinking, most respondents found the concepts helpful and relevant. In the words of one leading retailer among the respondents, "if we have the best shops, with the best people, then we have the best word of mouth and receive the best applications and then we will have the best shops."

Figure 1. Link between quality of employees and quality of product/service
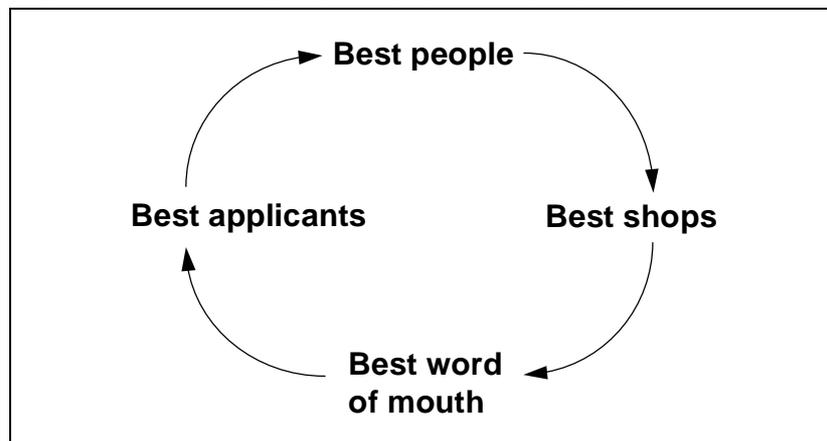
1. Some current HR concerns

Organisational learning, teamwork and speed of response are people factors that will,

at least in part, determine an organisation's success. "Without exception, the dominance and coherence of culture [is] ...an essential quality of the excellent companies." (Peters and Waterman, 1982, p78) Pfeffer (1994) concurs: "as other sources of competitive success have become less important, what remains as a crucial, differentiating factor is the organisation, its employees and how they work."

Just as marketing is now widely seen as being too important to be left to marketers, so HR is also too important to be left to the HR function alone – line management must also take direct responsibility. In this paper we will refer to HR in this wider, non-departmental, sense.

Recent downsizing headlines may have exaggerated the issue which is, by its nature cyclical. Nevertheless automation has brought a continuing demand for workforces which are smaller but better. Higher skills and educational levels are needed, as well as greater commitment, flexibility and stability. We examine these concerns in greater detail below.

- **Low skill and education level in the workforce**

Figure 2 shows that 26% of the UK's 1994 population was qualified to NVQ - 2 or -3 compared with 49% and 55% for France and Germany respectively. NVQ-2 and -3 are equivalent to at least 5 GCSEs at Grade C and 1.5 A-levels respectively. The position is similar for new entrants though the continually rising proportion of A-level passes, now 86% (The Times, 1996), indicates that this gap will close. The UK target (Skills Audit, 1996) for 2000 is to reach Germany's 1994 NVQ-3. To catch up, the UK will require radical improvement in the education of those entering the workforce, combined with much better training for those already in work. This, in turn, is a long-term process which requires commitment and motivation by both employers and employees.
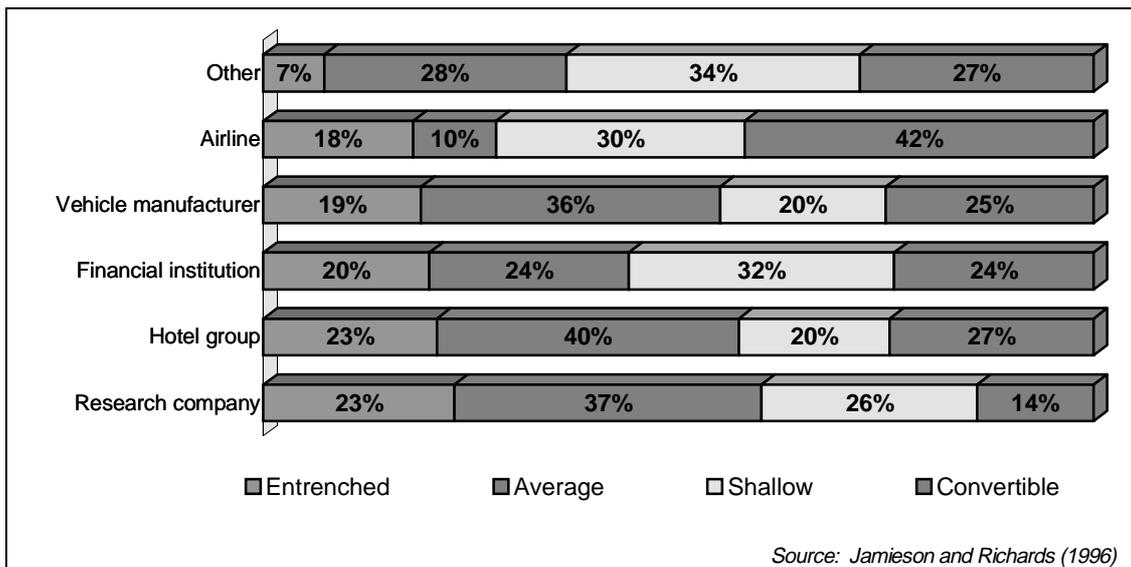
Figure 2. Comparative qualifications in 1994

	UK	France	Germany
Proportion of total population qualified to level:			
NVQ-2	15	35	8
NVQ-3	11	14	47
Proportion of new entrants qualified to level:			
NVQ-2	17	37	5
NVQ-3	13	15	62

Source: Skills Audit, 1996, figs. A8.16, A8.17.

- **Low employee commitment**

Today's best employees, like today's customers, know they are in demand. They require respect as individuals, understanding of their own career goals, training and the mentoring to achieve them.   More is required from employees in terms of responsibility, long hours of work and good inter-personal as well as technical skills. However, employee commitment is variable (Figure 3).

Figure 3. Employee commitment in different industry sectors

Sector	Entrenched	Average	Shallow	Convertible
Other	7%	28%	34%	27%
Airline	18%	10%	30%	42%
Vehicle manufacturer	19%	36%	20%	25%
Financial institution	20%	24%	32%	24%
Hotel group	23%	40%	20%	27%
Research company	23%	37%	26%	14%

■Entrenched   ■Average   □Shallow   ■Convertible

The expressions "Entrenched", "Average", "Shallow" and "Convertible" are those of Hofmeyr (1990) who divided brand users into these four segments. The first too are secure and unlikely to change brand allegiance in the long and short term respectively. "Shallow" means that they are likely to change but, unlike "Convertible", not yet on the point of so doing.
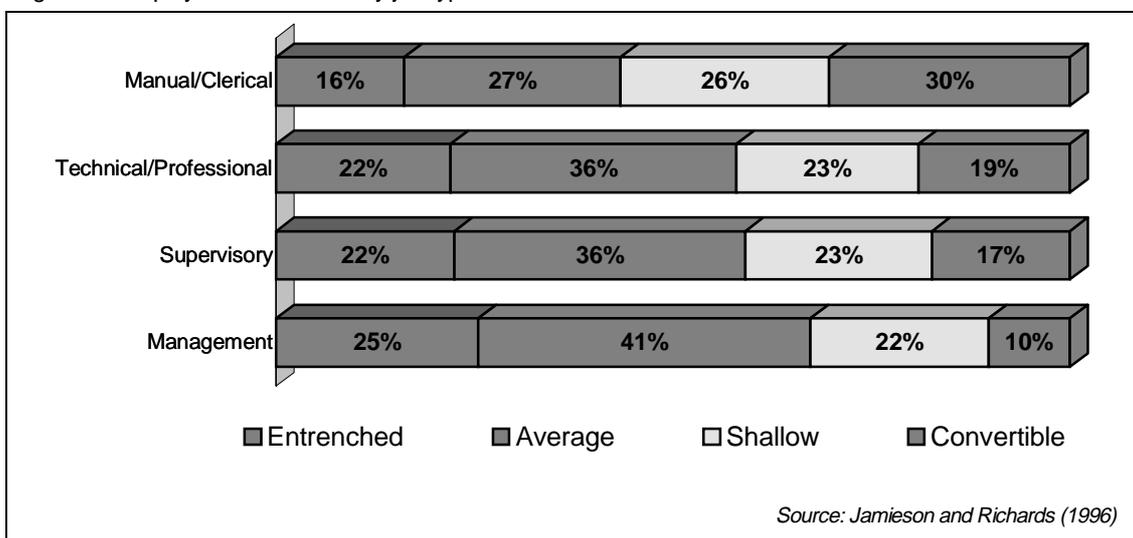
Clearly the need for commitment varies by type of industry and role within the company. Jamieson and Richards (1996) cite the case of one major bank in which customer and employee commitment were measured across the company's regional branches. Figure 4 shows markedly higher customer than employee commitment levels. The authors believed this case to be representative.

Figure 4. Commitment levels of customers vs. employees in a representative case study

	Entrenched	Average	Shallow	Convertible
Employees	18%	25%	36%	21%
Customers	25%	30%	29%	16%

Source: Jamieson and Richards (1996)
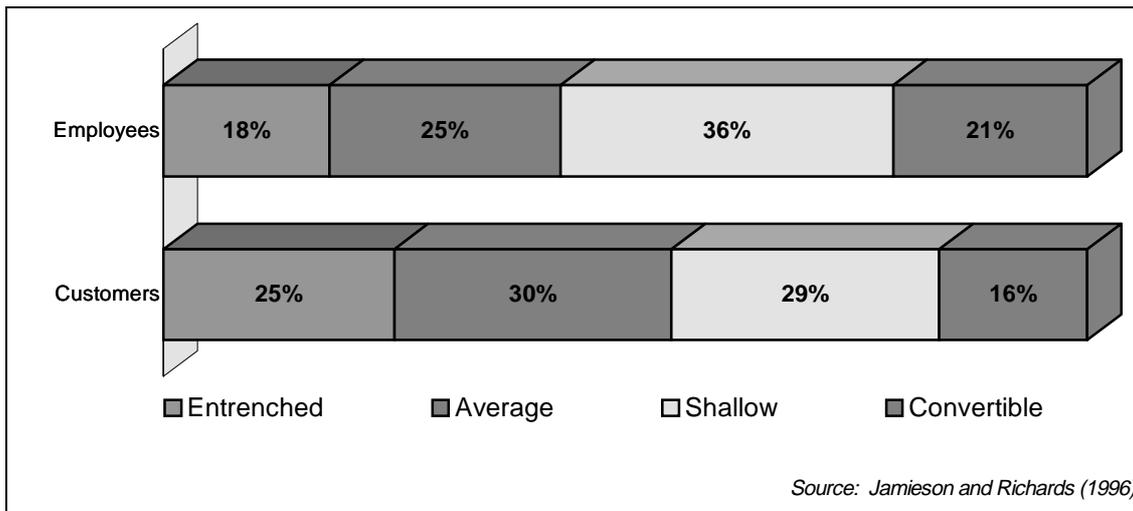
As might be expected, commitment levels rise with seniority, as shown in Figure 5. Low commitment among customer-contact staff has clear implications for customer service levels (Berry, 1980; Piercy and Morgan, 1991), and it is in this area that proactive management of an organisation's Employer Brand could potentially have the greatest positive impact.

Figure 5. Employee commitment by job type

	Entrenched	Average	Shallow	Convertible
Manual/Clerical	16%	27%	26%	30%
Technical/Professional	22%	36%	23%	19%
Supervisory	22%	36%	23%	17%
Management	25%	41%	22%	10%

Source: Jamieson and Richards (1996)

- **Culture**

As we will see in our research, respondents found it difficult to distinguish between the concept of an employer "brand" and the organisation's "culture" defined (Lipton, 1996) as the values that support the organisational purpose and strategy or corporate identity (Olins, 1996). Indeed, Mills (1996) suggests that the collapse of IBM in the 80s and early 90s was due to two failures of commitment (to its customers and its employees). By damaging the loyalty of employees, they damaged customer satisfaction. Using McKinsey research on mid-size, high growth firms, Clifford (1985) argues that the active management of culture is a primary driver of success.

These are large subjects with extensive literatures of their own. Our purpose here is simply to note that, like internal marketing, the concept of employer brand, which we will define in the next section, is related to and overlaps with existing knowledge. The contribution it potentially makes is to bring the well-developed tools and measurements of marketing to an area that firms may find hard to manage scientifically.

- **Summary**

Many UK organisations are faced with the need to achieve ever higher quality standards in their products and/or services. They rely on their employees to deliver these improvements, and compete with each other for the best talent. At the same time, skills levels are not increasing to the level of, for example, Germany. Employee commitment is variable, and may well be lower that that of customers. These factors are unlikely to be of equal concern to all companies. The internal marketing literature concentrates on services and one would expect that customer-contact, high employee-value-added businesses, such as consultancy, would be more affected by culture and employee morale, than those where labour is little more than manual dexterity. As developed economies shift inexorably from the production of goods to services, and greater value-added services, we see these concepts as becoming more important.

We turn to brand marketing for assistance.

2.   Defining the Employer Brand

The thinking behind the benefits a brand can bring is hardly new. San Bernardino of Siena (c. 1420), the medieval theologian, was amongst those who discussed markets, marketing and fair pricing. He summarised consumer benefits from the goods/services purchased as *virtuositas* (function), *raritas* (scarcity or market price) and

complacibilitas (psychological benefits).

These three basic properties are unchanged today. Aaker (1991) expresses the value of branding to the customer as interpreting/processing of information, confidence in the purchase decision and use satisfaction. The three types of internal marketing benefits extracted by Foreman and Money (1995) were, for comparison, employee development (function), rewards (money/economic benefits) and vision/something to believe in (psychological benefits).

The functional benefit – *virtuositas* – of a spade is not the quality of the spade but what the spade will do for us, e.g. help us dig better. The economic benefit – *raritas* – is not just the price of a product but how good a deal it represents. Finally, the psychological benefit – *complacibilitas* – is not just image but how much it enhances our feeling of well being. A diamond ring may do more for the feelings of both the purchaser and the recipient than can be measured by economic or functional benefits or any 'image'.

The distinction between brand and product should delay us only briefly here. Gardner and Levy (1955) saw the brand as a type of product, but generally used the words 'product' and 'brand' interchangeably, making note of the integration of product and image attributes. Pearson (1996) described a brand as "a combination of *features* (what the product is), customer *benefits* (what needs and wants the product meets), and *values* (what the customer associates with the product). King (1973) suggested that "a product is something that is made in a factory; a brand is something that is bought by a customer" – in other words, the consumer buys a holistic package of benefits, some real and some imaginary.

Gardner and Levy, as well as King, note that a brand has a 'personality' from the consumer's point of view. This is echoed by Kosnik's (1991) emphasis on the trustworthiness of brands. His 'CRUD' test assesses the extent to which brands are Credible, Unique, Reliable and Durable. The brand-as-person concept is essential to understanding the relationship between employers and their staff. In the late 80s, employees ceased to see IBM as trustworthy (Mills, 1996). The personality of IBM had become self-centred and stodgy.

We define "Employer Brand" as "the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company". The ongoing company/employee relationship provides a series of exchanges of mutual benefit, and is an integral part of the company's total business network.

The benefits the Employer Brand offers employees parallel those that a conventional (product) brand offers to consumers: (1) developmental and/or useful activities (functional); (2) material or monetary rewards (economic); and (3) feelings such

as belonging, direction and purpose (psychological). The Employer Brand also has a personality, and may be positioned in much the same way as a product brand. Accordingly, traditional marketing techniques, particularly research, should be, *mutatis mutandis*, applicable.

Where the company brand and the consumer brand are the same brand (e.g. Shell), the Employer Brand is also the same. Its personality vis a vis the consumer should be consistent with its personality as seen by other parts of its business network, e.g. its employees, if it is to be trusted. If an employer has many consumer brands and does not market a consumer brand under the company name, e.g. Unilever, then the Employer Brand becomes, in this perspective, simply another brand being marketed to a distinct segment, namely, the employees. As for any other brand (Rossiter and Percy, 1987), the value of the Employer Brand depends on the importance "customers" (i.e. employees) assign to benefits the company is able to deliver and its differentiation.
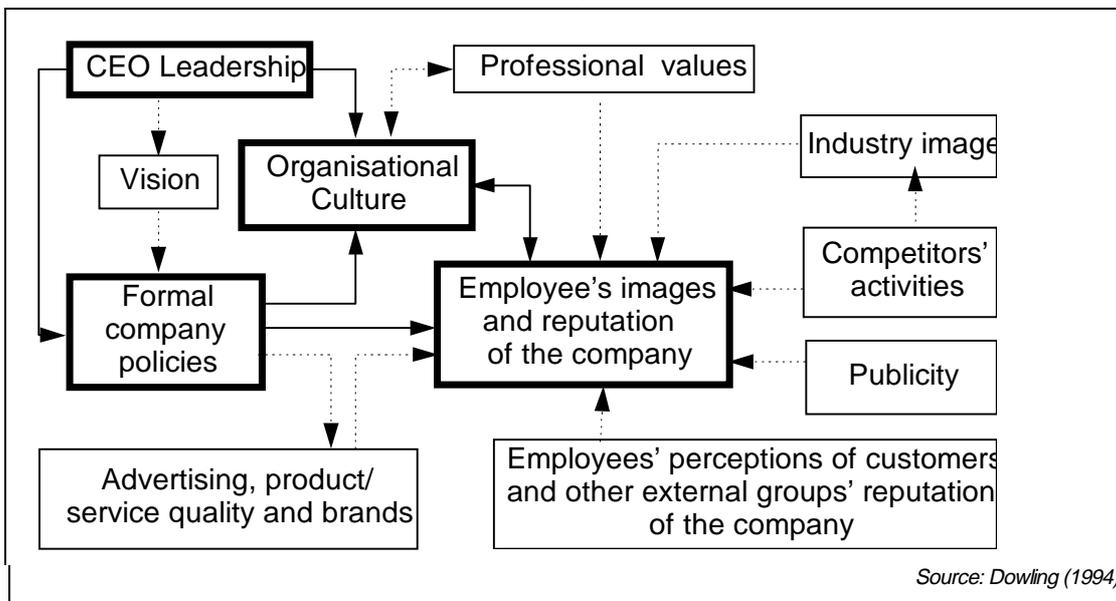
Kotler and Armstrong (1996) saw relationship marketing as reflecting the goal to deliver long-term value to customers, and the key measure of success as long-term customer satisfaction. Relationship marketing arose, in part, (Berry 1983) from a recognition of this continuity. It is generally cheaper to keep an existing customer than win a new one, and this will also be true for many employers. Kotler and Armstrong suggested that the importance of supplier/customer relationships would increase as a function of profit margins and the number of customers. A myriad of buyers in a low margin business such as a supermarket would not make for partnership in the sense that McKinsey has with its clients. As noted above, we too see the Employer Brand concept as having most application in high valued added, service businesses: the higher the salaries and the fewer the number of employees, the more each employee relationship with the employer will matter.

Dowling (1994) includes a number of employer aspects in his work on developing the corporate brand. His framework of alternative positioning themes and the factors affecting employees' perceptions of corporate image and reputation are shown in Figures 6 and 7.

Figure 6. Alternative Positioning Themes

Organisational Attributes	***Price***
• size	• bargain
• technology leadership	• value (best price/performance)
• innovation	• prestige (high price - high quality)
• people (best employees)	***Geographic***
• flexibility (adaptable to customer requests)	• regional versus global scale
Stakeholder benefits	***Competitors***
• rational appeals (based on organisational attributes	• market leadership (biggest market share)
• psychological appeals (a consequence of being associated with the organisation)	• challenger (firms which aspire to become the market leader)
• environment- riented	• follower (forms which imitate the strategies of leaders of challengers)
• community-orientated	• niche marketer (firms which serve parts of the market where they avoid clashes with the major firms)
Customer/stakeholder group	• exclusive club (the top 3, the top 6, bulge bracket etc.)
• heavy, medium, light user	***Use/application***
• particular industry sectors	• full or unrestricted range of products/services
• particular sized customers	• level of relationship/commitment to customer
	Source: Dowling (1994)

Figure 7. Factors affecting employees' perception of corporate image and reputation

Source: Dowling (1994)

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The central box in Figure 7, labelled "Employees' images and reputation of the company", represents an intangible asset for the company which needs to be nurtured if performance is to be maximised. This is the Employer Brand equity in the minds of its employees, just as the awareness of, attitudes and behaviours towards a product brand such as Shell is the brand equity of Shell.

Thus Employer Brand equity can, in principle, be measured in the same way as any other form of brand equity, using constructs such as awareness, attitudes, loyalty, trust, and commitment. This is some way from current methods of measuring HR performance. Figures 8 and 9, are from a survey of 55 companies' HR departments published by the Institute of Employment Studies (Hirsh, Bevan and Barber 1995).

Figure 8. Measures of HR activity

Area of HR activity measured	% of respondents
Training	85
Management development	82
Pay systems	82
Communications	82
Recruitment/selection	79
Absence	76

Source: Hirsh, Bevan and Barber (1995)

Figure 9. Measures of HR performance

Most common criteria applied to HR performance	% of respondents
Senior management satisfaction	91
Costs	82
Line manager satisfaction	79
Process audit	68
Employee satisfaction	68
Benchmarking other employers	65

Source: Hirsh, Bevan and Barber (1995)

Trust has been singled out as a key dynamic for firms in their relationships with employees, as identified by Hirschman (1984), Coleman (1990), and Arrow (1974) and is also the principal construct in relationship marketing (Wilson and Moller, 1991). Cruise O'Brien (1994) proposes that trust is "sustained by reputation. Reputation is developed on the basis of the observation and assessment of consistent behaviour over time..... Reputation has three important components in the context of the firm – competence, consistency and integrity." Figure 10 reproduces her analysis of trust into cognitive and affective components. In principle, these are measurable both for

determining Employer Brand equity and brand equity with customers.

Figure 10. Assessing trust in an organisation

Cognitive (Rational)	Affective (Emotional)
Assessment of	*Faith in*
reliability	care
competence	concern
fairness	openness
consistency	support

Source: Cruise O'Brien (1994)

Similar analysis would be required for the other key constructs of brand equity: awareness, and attitudes such as commitment and behaviour. Brand equity covers both existing employees and those who the employer would like to attract. Whilst one would assume that all existing employees at least recognise their employer's name, the word has two dimensions: breadth (the proportion of the population having any recognition of the name) and depth (the ease with which it does so) (Keller, 1993). Thus awareness is part of the legitimate measurement of brand equity even for employees.

We considered internal marketing (IM) earlier and it will now be apparent that there are many similarities though IM is, as yet, not fully defined. Hutt (1995) applies the relational paradigm to IM in Foreman and Money's (1995) Type III sense (the marketing department applying it to the rest of the organisation). He sees the marketer as the internal protagonist of the end customer: "to effectively serve as the advocate for the consumer at various levels of the hierarchy and across functions, the marketing manager must initiate, develop, nurture, and sustain a network of relationships with multiple constituencies within the firm." (p356). Thus, again, there should be synergy between building brand strength internally, i.e. consistency between marketing department objectives and those of colleagues, and with customers.

This section sets out to define Employer Brand in the context of the traditional concepts of functional, economic and psychological values which arise from the *relationship* between a brand and its users. The users of an Employer Brand are the employees who benefit from the work experience itself (functional), financial rewards and other economic advantages as well as social and other psychological gains from the workplace. The 19th century view of work as a hardship has been replaced by the demand *for* employment as an individual right.

Employers do not provide employee benefits altruistically any more than they provide products to customers purely for customer satisfaction. Both are means to achieve their own ends, typically shareholder gain. There is growing recognition that these ends are best served by taking a long term view of customer relationships (relationship marketing) and, we suggest, of employee relationships. The costs of recruiting the best people, training and developing them can only be recovered if they stay long

enough to make a return on that investment.

One approach to that problem is to employ the same techniques which build customer loyalty also to build employee loyalty. We are all people and factors such as awareness, trust and commitment which apply to the brands we buy, can also apply to the Employer Brand.

We now turn to the exploratory research itself, beginning with the methodology before moving onto the findings.

3.   Methodology

This exploratory research took the form of semi-structured depth interviews with respondents from 27 companies in a variety of industry sectors, mostly services. The companies are listed as Appendix A and include consultants, financial services, retail, communications, alcoholic drinks, pharmaceuticals and footwear. The interviews were conducted by Christian Ingerslev and Andrew Wiseman and sponsored by People in Business, a London-based management consultancy.

The discussion guide for the interviews is attached as Appendix B and covers (1) the existence of the Employer Brand, and its components; (2) the importance of the Employer Brand to the company, and its influence over HR policy; (3) positioning of the Employer Brand; (4) measurement of employee relationships; and (5) the main obstacles to developing the company's reputation as an employer.

These headings were used only to provide the structure for the interviewers and were not read out to respondents. The interviewers were briefed not to introduce the Employer Brand phrase but to use, in the blank spaces, whatever was the closest term already in that employer's lexicon. In other words, the introduction to the interviews sought to identify, and then, adopt whatever language the respondent already used for this topic. In the event, firms did not seem to have their own language for this concept and "Employer Brand" was quickly adopted. Whilst this caused an excessive prompting in research terms, it would appear that the expression filled a need.

The respondents were mostly at the level of functional department head, with responsibilities encompassing human resources, marketing, and/or internal communication. While largely familiar with marketing concepts, respondents found their application to HR novel and sometimes uncomfortable. Some warmed to the Employer Brand concept as they thought about it, and some did not.

We have sought to avoid putting too much weight on individual comments. As

noted above, we not seeking to test hypotheses, but to establish the range of responses. The views of individual respondents will not always be representative of their companies and the companies may not represent UK employers as a whole. For example, these four statements all come from the same company in the service sector:

– *"People in the organisation do not believe in the company's stated values – they are just an empty statement from top management."*

– *"Our values are the driver of our business, everybody follows them and they are embedded in our people."*

– *"We have a lot of turf wars – it is because board members themselves only work as a team about 20% of their time – they take care of their own business, not of the company as a whole."*

– *"We must practise what we preach, otherwise it could be dangerous."*

Language was an issue. The Employer Brand is not part of the thinking of HR and communications professionals, though they were familiar with marketing language in general. Clearly, the introduction of marketing language to these interviews coloured the ensuing discussion. On the other, there is no recognised common language available today to cover a company's identity, culture, brand and reputation as an employer.

4. Findings

Only limited evidence was found of attempts to manage the employment experience as a whole. Managing any integrated process, including the Employer Brand, is cross-functional and therefore politically delicate. In order to be managed coherently and holistically the Employer Brand would need to be championed by a senior management figure.

We now turn to the experience and views of our respondents, with an emphasis on allowing respondents' comments to speak for themselves. Findings are presented under the following headings:

4.1   The Employer Brand – its significance to employers

4.2   Managing and measuring the Employer Brand

4.3 Obstacles to developing the Employer Brand

4.1 The Employer Brand – its significance to employers

Most respondents seemed to associate the Employer Brand closely with corporate culture, and were not always clear as to the boundary between the two concepts. The items identified most consistently as key components of the Employer Brand concept were awareness and psychological benefits.

Most respondents also recognised the importance of the Employer Brand concept, although only in a vague way, with low priority. Other pressures and needs were given higher priority.

- *"We are doing very little (nothing) to promote an Employer Brand within the firm. It is something we need to work on, but I have more pressing issues."*

- *"Frankly we have so much to do at the moment with the merger that we just want to get the basics right. An Employer Brand concept is nice, but not essential."*

However, many of the respondents also recognised the de-facto implicit existence of the concept, and the importance and potential of the Employer Brand if managed well.

- *"Certainly this branding concept exists. It is a function of the benefits we can offer."*

- *"Your questions have certainly triggered something, and I think I will work with the idea in the future."*

- *"An Employer Brand should be connected to the value system in the company and could create a substantial competitive advantage."*

Corporate culture and reputation emerge over time regardless of whether they are actively managed, and underlie corporate identity (Olins, 1996). Corporate culture and reputation are firmly embedded in management thinking, and there some resistance to recognising the Employer Brand as a separate and distinct concept.

- *"Corporate culture is a bit like an elephant – you know it when you see it. Cultures are not necessarily terribly capable of definition. People understand them and can talk about them, but it's quite difficult to label them in the way that you can put a label on a brand. You can't impose culture on different brands."*

- *"The Employer Brand is so intertwined with culture that I find it hard to separate*

them."

– *"The Employer Brand concept reflects the culture. Do you really want to distinguish between them?"*

– *"Our Employer Brand is probably not that strong; we have a high turnover rate, partly because today our culture is not well articulated."*

– *"The Employer Brand must be consistent with the consumer brand, which is the pillar and the values of the corporation."*

Corporate performance was identified by a number of respondents as a key prerequisite for a strong Employer Brand.

– *"Performance and reputation are important – you must be successful as a business in order to have a good Employer Brand – you have to perform."*

– *"It is difficult for us to build our Employer Brand, because we have not had good performance during a couple of years."*

External and internal perceptions can differ vastly:

– *"I'm not sure whether we have a strong Employer Brand... We are perceived as being an interesting, dynamic, progressive corporation – external surveys show that 99% of the people think we are great. However, our internal surveys show that only 14 % of our employees are happy working here!"*

Respondents singled out awareness and psychological benefits as the foremost aspects of Employer Brand in terms of enabling a company to recruit, retain and motivate the best people. This thinking, however, did not necessarily extend to a recognition that the employment experience as a whole – including but going beyond the recruitment experience – needed to be managed in a coherent and holistic fashion.

Awareness was identified as a key factor in recruiting the calibre of applicants desired. This was seen to be closely linked with the company's performance, market position, reputation and product brand(s).

– *"There is not that much difference between us and the competition in the way we go about our business, but everyone applies to us first because of our reputation."*

– *"People come to us because they have heard about us – the CLUB feeling is great."*

- *"We wanted to hire 30 graduates and got 2000 applicants! People are very much aware of us and find our company very attractive to work for."*

- *"We have a great name in the UK, but when we go overseas it is different, nobody knows who we are."*

- *"People join our organisation because we are number one."*

In addition to awareness, the psychological benefits of a strong Employer Brand were considered to be a key aspect of the concept. This was in part, again, linked to elements that derive from performance, market position and general corporate reputation. Factors identified included the prestige and standing of a company, the feel-good factor of its 'name value', the culture and lifestyle it offers, and the sense of job satisfaction and security it provides.

- *"People stay because not just because they have a very good remuneration package, but because the name looks good on the CV."*

- *"People are honoured to be working for our company, you almost feel invited."*

- *"Our employees are not motivated primarily by money, but more by the psychological rewards."*

- *"We hire from other multinationals for local staff. When there just aren't enough good people to go around, as is the case here at the moment, there is a value to employees above money associated with future prospects, lifestyle and – perhaps most importantly – status."*

- *"We are perceived to be a safe employer, we used to be a part of the public sector, that is why people stay"*

4.2 Measuring and managing the Employer Brand

Many of the respondents identified the HR function as the most suitable department for managing the Employer Brand, provided that it was linked closely to the Chief Executive. In the words of two respondents, HR would be in a good position to take on this role in their firms because:

- *"HR is a part of the senior management team in each of the divisions, and it is also a part of the Executive Committee. We recognise that we are responsible for*

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coaching line managers."

– *"We have a very decentralised organisation where we [HR] support the efforts of managers. The Employer Brand should be created by middle managers and spread by them throughout the organisation."*

Others saw Employer Brand management as a cross-functional task involving senior management as well as the HR, marketing, and corporate communication functions. In many cases, a clear view on the locus of, and approach to, responsibility for Employer Brand management had yet to emerge.

– *"To what extent should the Employer Brand be led by the customer end of the business and to what extent should it be directed by the top of the organisation?"*

None of the respondents' companies explicitly managed the Employer Brand as such. However, a number of the participating companies had similar implicit understanding linked with HR practices and career prospects.

– *"We have rigorous recruitment to find the best people, we give them on the job training and great opportunities for career development – they know that and we don't advertise it."*

– *"For our top managers we offer career prospects and general management experience early. We have a great brand name as a company."*

Some recognised that the Employer Brand does need to be measured and managed.

– *"Is Employer Brand worth measuring? It is like asking – do you love your wife"*

With HR identified as the most appropriate leader of the cross-functional task of Employer Brand management, it is not surprising that comments on measurement tended to focus on HR activity. Benchmarking and internal surveys were the most commonly cited ways to measure the various components of HR activity, including recruitment, training and development, rewards, and performance management.

– *"We make sure that our remuneration, training etc. is among the best in the industry – that is necessary if you want to attract the best people. We also have a personal development plan for each employee."*

– *"We have monthly reviews, and we benchmark."*

The second main tool for measuring the HR function (confirming Hirsh, Bevan and

Barber, 1995) is the internal survey.

- *"We are doing internal surveys every two years, and external surveys too. They both indicate that the company is perceived as a great place to work"*

Respondents were frank about approaches to HR and people management which seem to be less than systematic. Internal surveys were not always followed through.

- *"We don't measure the HR performance – not yet – but we will, given the amount of customer complaints, absenteeism, and high turnover rates."*

- *"Our internal surveys show that 60% of employees are not feeling informed, and 40% are dissatisfied with their jobs."*

- *"Our slogan is 'Be a reputable employer' and we try, but the video doesn't match the audio about the culture and the perceptions – there's a gap between the messages managers think they are communicating and what employees actually experience."*

Some respondents did think in terms of a number of standard marketing techniques, including the need for segmentation, the use of pricing (rewards), and the importance of professional communications.

- **Segmentation**

- *"Our group comprises three quite different businesses, and each requires a different sort of person."*

- *"Our group has a number of strongly branded businesses in their own right, although within the group we would like to tie them into our group ideals."*

- *"We segment the market through our internal communication vehicles (e.g. the manager magazine), which seek to develop the same themes but in different contexts, and targeted at specific internal groups."*

- **Pricing/rewards**

Compensation packages and systems have long been the bedrock of HR activity but they can also be seen as analogous to pricing products in the marketplace. The more attractive the product, in functional and psychological terms, the higher the economic price that can still provide user satisfaction. In the employment context, firms are well aware that higher functional and psychological benefits permit greater

flexibility in compensation packages.

– *"A change in the reward structure could be a factor in building a successful Employer Brand."*

– *"People stay because they enjoy the personal recognition – and they receive good pay."*

- **The importance of professional communications**

Internal newsletters and briefings are today commonplace. Employees, both current and prospective, are also key targets for any external corporate advertising.

– *"We know that our communication must improve, but people are very sceptical – and not necessarily just the high achievers."*

– *"Our management all go to fancy presentations courses – but they should instead learn how to communicate with their people – internally."*

- **Relationship marketing**

Some of the respondents saw the relationship with employees in terms similar to those of relationship marketing, e.g. trust, commitment, shared values, and longevity of relationships.

– *"One of the lessons we have learned is that you must be up-front with people... people are not fools."*

– *"I guess the Employer Branding concept falls under the 'style and shared values' aspect of our strategy. It seems to fit into the themes of integrity, control ethos, teamwork/collaboration and identification with the customer."*

– *"Our business involves very few lateral hires. We recruit our people from school – it's cradle to the grave."*

On the other hand, the relationship approach to the Employer Brand concept is far from universal:

– *"In our industry, people are only as good as their last deal."*

4.3 Obstacles to developing the Employer Brand

Most of the respondents agreed that the concept of Employer Brand was interesting, although some held a negative perception of marketing in general, as being "artificial and manipulative."

– *"Employer brand is really just another gimmick, right? In my view these gimmicks are just for incompetent managers."*

As noted above, a number of respondents' companies were too short of time and/or resources to devote much attention to developing their Employer Brands. The awareness that, not unlike consumer brands, an Employer Brand would take years of investment to build up, and yet still be vulnerable to quick and crippling damage through some "bad incident", induced some wariness.

Some had deliberately avoided this path:

– *"We are not interested in building an Employer Brand; we have 100% staff turnover p.a. It is only college kids that want to earn money to fund their studies."*

The main obstacles to the Employer Brand concept were seen as the lack of top level support and understanding, internal politics and differences of perspective (mental models) and weak development of the HR infrastructure.

- **Lack of top-level support and empathy**

Due to its long-term nature, the Employer Brand approach requires top management commitment to the concept, and especially empathy between top management, marketing and HR mind-sets.

– *"The biggest obstacle for a successful Employer Brand is the lack of funding and buy-in from top-management."*

– *"Senior management does not address the issues that need action – they pick the flavour of the month. During more than two years we have had the same issues come up as a complaint in our internal surveys – but nothing is done."*

– *"We are weak in converting our vision to action, there's too much politics in the*

organisation"

– *"There is a gap between our Executive Managers and the managers that are supposed to execute what we are suggesting."*

- **Weak HR infrastructure**

Equally, weaknesses in the existing HR infrastructure and communication channels were perceived as significant obstacles, and a number of respondents voiced a reluctance to "build a house on poor foundations."

– *"Our reward and bonus structure is inconsistent – some employees have rewards linked to targets and objectives, but others do not."*

– *"I feel we have a dodgy recruitment practice – we should tighten our recruitment policy because we are not attracting good quality candidates."*

– *"An internal survey showed that only 60% of staff knew about the strategy 'blue book', something that divisional managers were supposed to brief all their people about."*

These obstacles are substantial. Many competing claims are made for top management attention and cross-functional alignment.

5.   Conclusions

It would appear that the Employer Brand concept exists implicitly within some corporations, however fuzzily. The underlying trend in responses indicated a spectrum of high applicability where high skills and development were crucial, e.g. consulting companies and investment banks, to lower relevance for large-scale industrial and manufacturing companies where employee individuality is less conspicuous. This echoes Kotler and Armstrong (1996) on relationship marketing which they saw as more relevant to situations of high profit margins and fewer customers, e.g. consulting companies and investment banks.

Professional and other high employee value-added service firms seem likely to derive relatively more leverage from Employer Brand in that their employees tend to interact more closely and determinably with the customer. For them, the active management of their brand both to employees and clients should have higher payback and be more

visible. Andersen Consulting is one example. Figure 11 shows how the explicit visibility of the Employer Brand should grow as one moves from right to left, i.e. from industrial businesses with low individual added value to more people intensive businesses with higher personal rewards.

Figure 11. The Employer Brand Application Spectrum
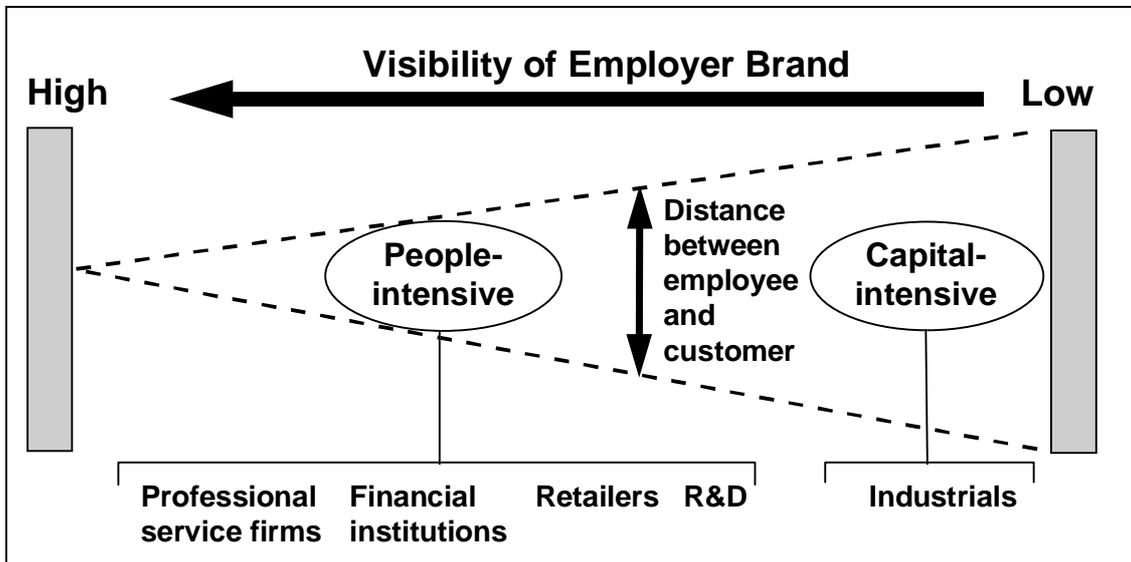
The levels of sophistication of firms within the same general area of the spectrum differ substantially. This exploratory research indicates that industry leaders, i.e. those with the highest corporate brand equity, are more conscious of their company name or brand, both explicitly in the external environment and implicitly in internal settings. Firms which follow an implicit Employer Brand model have a higher retention rate, particularly among their more highly skilled people. In addition, these companies are able to attract the best candidates more easily in the first place, as reflected in the attitudes and career choices of potential and existing employees.

Overall, most respondents agreed that the Employer Brand concept is valuable in that it could bring the discipline and theory of marketing into the HR function, particularly:

- putting the emphasis on getting the product, i.e. the whole employment experience, right;

- consistency of brand experience ("video matching the audio");

- segmentation and umbrella branding;

- using pricing/compensation benefits explicitly to balance functional or psychological benefits;

- the importance of professional communications; and

- the techniques of relationship marketing.

This last point is of particular importance. We believe the principles of relationship marketing could allow marketing and HR activities to share a common framework: the principles of brand marketing can be applied, *mutatis mutandis*, to improving internal relationships and thus corporate performance. Conversely, the principles of HR management can illumine customer marketing activities. Similarly, the measures used to assess relationship marketing performance (awareness, trust, commitment, other attitudes and behaviours) can be used for HR, and vice versa.

This paper is exploratory but we believe there is sufficient underlying strength in the Employer Brand concept to warrant further investigation. The management and academic communities would be right to be sceptical until the theory is better developed and empirically tested. Nevertheless, those firms with cultures close to the formal development of an Employer Brand have little to lose from so doing. At the least, their HR and marketing functions will gain better understanding of each other's disciplines. Furthermore, the McKinsey study referenced above (Clifford, 1985) would give grounds to believe that more intensive, active management of culture in this way is associated with stronger growth.

– *"We have been implicitly thinking, now we have to be explicit to make things happen."*

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Appendix A – Participating companies

ABB

Arthur Andersen & Co.

AT Kearney

Automobile Association

Bain & Company

Boston Consulting Group

BT

Coutts & Co.

Deutsche Morgan Grenfell

Glaxo Wellcome

Guinness

Henderson Administration

ICL

ING Barings

Lazard Bros & Co

Marks & Spencer

McDonalds

McKinsey & Co

National Westminster Group

Pizza Hut (UK)

Post Office Counters

Reebok, China

Salomon Brothers

Threadneedle Asset Management

Waterstones Booksellers

WH Smith

Whitbread

Appendix B – Interview guide

Interview Guide

We would like to ask your views on how the HR function managers things like employee relationships, and your firms reputation as an employer both internally and externally.

Existence of the Employer Brand

What language do you use internally, if you do, to describe the asset that is the firms reputation as an employer?

How would you describe this _____ for people working in the firm?

How would you describe this _____ for candidates?

Who are your main competitors and how would you describe their _____?

Do different areas with the organisation have a different _____? How and why do you think they might differ?

Components of the Employer Brand

What do you feel is the basis of people wanting to continue or start working for your company? Could you rank these from 1 down to 4? Two lists might be appropriate.

If you were to go about building this _____ what are the key elements of the process?

How does this _____ differ from an organisations culture?

What do you think are the parallels between this _____ and your sales marketing? Why do you think that they should be different?

How long do you think it takes to build an effective _____ and conversely how long to destroy it?

How would you describe awareness of your company and attractiveness?

How would describe the involvement of trust in this _____? (see Aaker - 1995)

What percentage of employment offers are accepted?

What is your turnover rate?

The importance of Employer Brand in your company

What do you think are the key determinants of an effective staff member? Ranked from 1 down to 4
How would you describe the effect of the _____ for those already in the job?
Is this _____ becoming more important than in the past?
Is this _____ able to increase retention? Why?

Influences on HR policy

Which executives in your organisation get involved in setting the human resource strategy?
How is the budget for the human resources department determined?
How is the amount of funding for recruiting marketing determined?

Positioning of Employer Brand

Who is your target market for this _____ internally and externally? Rank from 1 down to 4.
How often do these target markets change?
What is the target market for your competitor?
Who is better you or your competitor at attracting the best candidates?
Are these target markets made explicit?
What is your firms salary position with in the industry? and overall?

Measuring employee relationships

How does the organisation measure the performance of its human resources strategy and the performance of the human resources department?
How do you measure the performance of the department?
Is the perception of your firm as a place to work measured?
What budget do you spend on _____? How do you measure the return on this investment?
How do you measure _____?

Factors impeding the development of the firm's reputation as an employer

What are common obstacles in creating and maintaining this _____ internally and externally? Rank from 1 down to 4.
Does the firm have a central _____ which transcends cultural boundaries? How does the _____ differ according to locale?
How does this _____ track social trends?

Interviewee details

Title:
Approximate age:
Years at company:
Years in human resources/present function:
Reports to:
Size of human resources department:
People hired per year:
Number of employees in company:
Revenues:
Profits:
Position in industry:
Type of company (individual, national, multinational)
Location:
Proportion of entry level, middle level and senior positions hired for?
What is the proportion of positions hired by role (e.g. front office by department and support staff)?
Industry sector: