

# **Which Employees' Values Matter Most in the Creation of Employer Branding?**

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*The study explores if there are any statistically significant employees' values that affects the employer branding, and if any, which affects the most. Based on the grounded theory, this study critically assesses multiple cases of employees' values of branding process in a manufacturing company. The five aspects of personal values of employees were surveyed on a sample of 413 employees, of which 244 were current employees of the surveyed company and 169 were potential employees that applied to the company. Results revealed that employees' social, interest, developmental and economic values, in order of priority, are affecting the employer brand.*

## **INTRODUCTION**

Employer branding (EB) is one phenomenon considered as a source of competitive advantage by organizations in tackling the current employment scenario for the last two decades (Corporate Leadership Council, 1999; Conference Board, 2001, Moroko and Uncles, 2005). Various factors have affected the employment scenario: globalization, pressure for speed and innovation, widespread privatization, mergers and acquisitions, technology advancement, organization restructuring, and war for acquisition of talents. These factors have signaled employers to review their employee relation strategies in terms of attraction, motivation, and retention of talents that will help them to be successful (Zivnuska, Ketchen, and Snow, 2001). The success of any organization depends not only on the attraction of talents to the organization but also in retention of the existing ones. Moreover, it is important as the employment environment is dynamic and changing rapidly. The demand for talents has increased more rapidly than the available supply. Talent attraction and retention has, therefore, become a hard hitting issue for many organizations and they are forced to consider their options like never before. Consequently, organizations endeavour to be the 'employer of choice' (Sutherland, Torricelli, and Karg, 2002). This notion of employer of choice is the notion of EB (Tuzuner and Yuksel, 2009).

In 1996, Ambler and Barrow have coined the term EB. They have defined EB in term of 'benefits', calling it as a package of economic (e.g. reward and remuneration), functional (e.g. training, skills and other job related activities for development), and psychological (e.g. identity, recognition, and belonging) benefits provided by employment, and identified with the employing organization. EB represents a set of distinctive associations made by employees (actual or potential employees) with the corporate name (Davies, 2008). Sullivan defined EB as "a targeted, long-term strategy to manage the awareness and

*perceptions of employees, potential employees, and related stakeholders with regards to a particular firm*" (Sullivan, 2004). The concept unites a broad spectrum of existing thought relating to the way in which potential and current employees interact with a company's brand and, in particular, the company's brand image as an employer (Ambler & Barrow, 1996; Ewing *et al*, 2002; Lievens & Highhouse, 2003; Backhaus & Tikoo, 2004). It is true that EB concept has been derived from marketing, but has become one of the important tasks of human resource professionals, especially in recruitment (Cable and Turban, 2001; Capowski, 1997; Maurer, Howe and Lee, 1992). Therefore, businesses must apply brand-management and marketing thinking to the employment experience by understanding, managing and valuing employees with the same care used in consumer marketing practices. Thus, EB is nothing but a HR strategy borrowed from marketing to attract and retain talents. As a matter of fact, for many organizations, EB has become a critical management tool, as the emergence of China, India and Brazil as economic powers and aging work forces in the U.S., European Union and Japan have increased the competition for skilled workers. More recently, the current economic slowdown, and the pressure to cut costs and increase productivity, has made the need to get the best people in the right jobs even more crucial.

Values are beliefs about personally or socially preferred motives of conduct or end-states of existence (Rokeach, 1973). Oxford dictionary define values as "*one's principles or standards, one's judgment of what is valuable or important in life*". They determine the behaviour or action of an individual in a society (Thornbury, 2003). They affect one's decisions, judgements and attitudes. Values tell people what is good, beneficial, important, useful, beautiful, desirable, appropriate, etc. Literature on person-organization fit indicates that employees compare the employer brand image they have to their needs, personalities, and values. Employees are more likely to be attracted to an organization when the match between their values and the values of the organization is maximized (Schneider, 1987; Cable and Judge, 1996; Judge and Cable, 1997). Evidence is there that employees are being recruited not just based on their intellect and functional knowledge but also because of the extent to which their values align with the brand (Kunde, 2000). But, the supply of talent is limited. Hence, not only getting talented employees is difficult but retaining the existing ones with conflicting values. So, if an organization follows the reverse and understands the current trends of employees' values, then the problem of attraction and retention of talent can be solved to a greater extent.

## **RESEARCH OBJECTIVE**

Although a lot of research is being carried out in EB lately, few studies have paid little attention to the specific components that determine employees' values and their affect on EB as a whole. Therefore, this study focused on the auditing of employees' values with the branding process as values associated with employees are the prime drivers of employer's success. In this study, employees represent both current and prospective, ranging from talent pool to campuses, recruitment agencies and employees within the company. Given the key role of the value audit step, it should incorporate important stakeholder beliefs about the characteristics of a branded employer. Hence, the objective of this study is to examine the relative importance of different aspects of EB addressing values of different groups of individuals ranging from the talent pool of prospective employees and current employees. Briefly, the objective is to examine the effect of employees' values on EB.

This study extends the approach of Berthon, Ewing and Hah (2005), in which dimensions were captivated for attracting talents towards an organization. The following model is proposed in align with dimensions of Berthon (Figure I). Employees' values are of five types: (1) interest value, (2) social value, (3) economic value, (4) developmental value, and (5) application value. These five types of values become the antecedents of EB in the context of employees' values as depicted in the research model (see Figure 1). The five constructs are in the line of the definition of EB by Ambler and Barrow. Several adaptations were made to these scales to suit the context. Details of the five constructs and the five paths depicting interrelationships among the constructs are explored and hypotheses follow.

### **Interest Value**

The degree to which an employee is attracted to an employer that provides an exciting and challenging work environment, has novel work practices, and makes use of its employees' creativity to produce high-quality, innovative products and services. Thus the hypothesis follows:

*H1: The more the company satisfies the interest value of its stakeholders, the higher will be its employer brand*

### **Social Value**

The degree to which an individual is attracted to an employer that provides a working environment that is fun, happy, and provides a supportive team atmosphere. Thus the hypothesis follows:

*H2: The more the company satisfies the social value of its stakeholders, the higher will be its employer brand*

### **Economic Value**

The degree to which an individual is attracted to an employer that provides above average salary, an attractive overall compensation package, and job security and promotion opportunities. Thus the hypothesis follows:

*H3: The more the company satisfies the economic value of its stakeholders, the higher will be its employer brand*

### **Developmental Value**

The degree to which an individual is attracted to an employer that provides recognition, self-worth, and confidence coupled with career-enhancing experiences and a base for future employability. Thus the hypothesis follows:

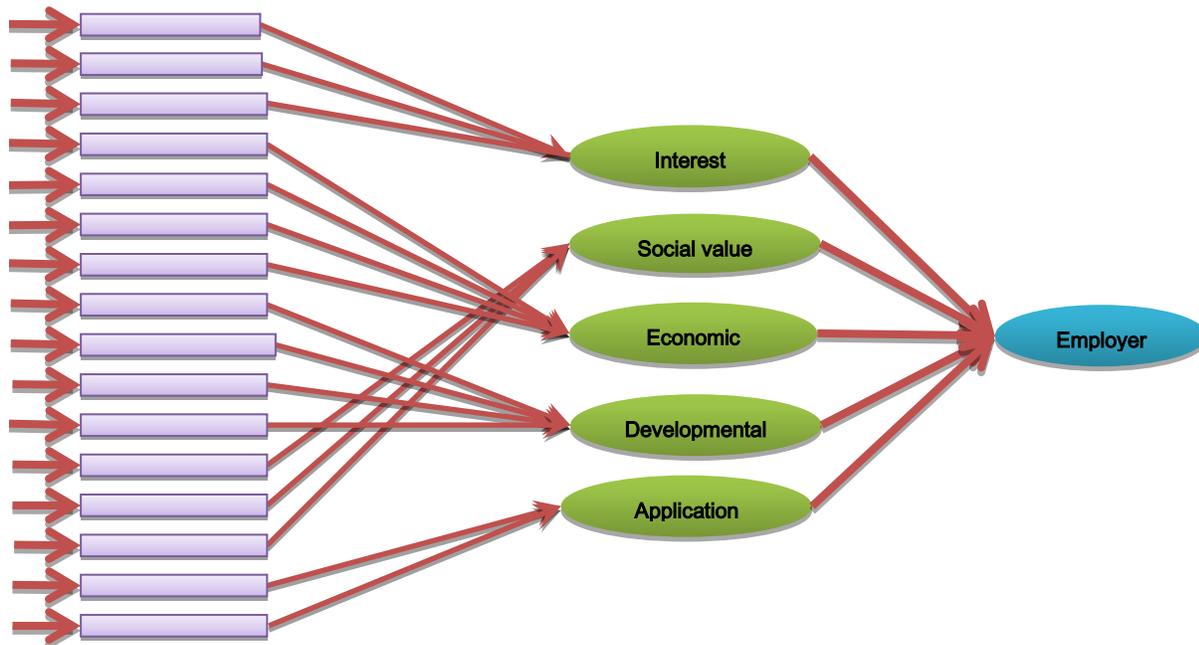
*H4: The more the company satisfies the development value of its stakeholders, the higher will be its employer brand*

### **Application Value**

The degree to which an individual is attracted to an employer that provides an opportunity for the employee to apply what they have learned and to teach others, in an environment that is both customer orientated and humanitarian. Thus the hypothesis follows:

*H5: The more the company satisfies the application value of its stakeholders, the higher will be its employer brand*

**FIGURE 1**  
**CONCEPTUAL FRAMEWORK OF RESEARCH MODEL**



Note: WEN = Work environment, WPR = Work practices, CRE = Creativity, SAL = Salary, COM = Compensation, SEC = Job security, PRO = Promotion, REC = Recognition, WOR = Self-worth, CON = Confidence, CAR = Career, ENV = Environment, CUL = Culture, ATM = Atmosphere, APP = Application, LEA = Learn

## **METHODOLOGY**

The study was undertaken in a leading auto-ancillary manufacturing industry. The study is relevant to the industry because it belongs to one of the largest manufacturing group in India and is facing stiff competition from its competitors. The research methodology followed in this study will be discussed under the following headings:

### **Research Approach**

The quantitative and qualitative research method is appropriate for the study as the objective of the study is to generate information on how different employees (current and prospective) relate values in regard to employer branding. Which value scores over another? The main underlying objective with the investigation is to deliver data, combined with theory that opens a door to an understanding for how values affect employer branding of a company. So, a quantitative investigation is necessary. This study is carried out based on the Grounded theory (Glaser and Strauss 1967, Strauss and Corbin 1994), in focus with the convergence to a model through the interplay between data collection and analysis.

### **Sample**

The survey sample includes two types of employees: (1) company employees, and (2) potential employees. Company employees are the current employees of the company. Potential employees are the final year students of technical colleges where the company goes for campus recruitment and applicants who seek job to the company through various recruitment agencies associated with the company.

Probability sampling technique is used as the technique enabled to collect data in which unit has a known, non-zero and equal chance of being included in the sample. Furthermore, this procedure allows for assessment of the amount of sampling error and the extent to which the sample is representative of the

population. Initially, the sampling frame was organised by identifying the employees, technical colleges and consultants through the company record. Once identification was over, the sample for the study was drawn.

The research constructs were operationalised and pilot tested before the actual self-administered survey. The self-administered questionnaire used mainly five-item Likert scales to measure all the hypothesised constructs. Over a period of about four months, a total of 500 questionnaires were distributed and collected. A response rate of 83 per cent was achieved, which resulted in  $N = 413$  valid and usable responses. Out of 413 responses, 244 were from company employees and 169 from potential employees (156 from students and 13 from consultants). All the 244 employees of the company were on record (98% men, 2% women; mean age 28.4 years,  $SD = 6.8$  years). Given that the value dimensions might differ across higher management, the author have concentrated on the lower management employees, which constitute the talents that are difficult to retain. The 156 student (82% men, 18% women, mean age 21.1 years,  $SD = 1.2$  years) samples consisted final year students of four technical colleges, where the author went along with HR team of the company for campus recruitment. Here, the response rate was 100% as the questionnaires were distributed just after the written examination and collected the same after 30 minutes. The advantage was that the participants had to fill the questionnaire. The 13 consultant sample consisted consultants which provided talents to the company.

### **Modelling**

Models linking employees' values to the outcome employer branding were constructed and tested using structural equation modelling. Separate models were built for each target variable (interest value, social value, economic value, developmental value and application value). The dimensions were assumed to predict the construct. Covariances were measured among dimensions to eliminate any halo effect.

### **RESEARCH FINDINGS**

Scale reliability analysis produced overall reasonable and acceptable cronbach alpha scores for all of the hypothesised constructs. The cronbach (1951) alphas indicating internal consistencies came to 0.703, 0.726, 0.620, 0.799 and 0.754 for interest value, social value, economic value, development value and application value constructs respectively. It is found that all constructs except economic value construct are in the acceptable or better range, close to 0.70 which is generally considered acceptable for reliabilities. The economic value construct is less than the desirable result as the economic value of an individual changes with time. So the scale may give different responses at different time. Table 1 present the means, standard deviations and inter-correlations of the independent and dependent variables. The significant relationships with the dependent variable employer branding are: social value (0.719\*\*), interest value (0.693\*\*), economic value (0.498\*\*), development value (0.475\*\*), application value (0.315\*\*) and all five are statistically highly significant ( $p < 0.01$ ). Thus, the correlation matrix suggests that there is support for all the five hypotheses: H1, H2, H3, H4 and H5. In addition, the hypotheses were tested by using a one-way analysis of variance (one-way ANOVA), presented in table 2.

The results in table 3 and figures 2 and 3 shows that social value factors closely followed by interest value dominate employees decision of choosing an organization: the top listing features of an employer are all about relationships and feeling respected. 85% of respondents reported that having a good relationship with colleagues was important to them; while 82% said that having a good relation with their boss was important. After having a good relationship with their colleagues and supports, respondents want to have fun working environment in the workplace which came 3rd in the priority. Economic values were also important: receiving an attractive overall compensation package was rated highly for importance by 77% of respondents in their choice of employer. But it came in 6th in the list of priorities. Lowest in the branding ratings was the application value. Just 33% reported that being able to apply what they had learned at college was important to them in the consideration of their current employer. Working for a 'humanitarian' organization was unimportant to 35% of respondents. Only 56% respondents would like to teach others. The things that people rate highly in an employer brand are social factors:

**TABLE 1**  
**CORRELATION MATRIX BETWEEN INDEPENDENT AND DEPENDENT VARIABLES**

Independent variables Dependent variable: EmpBr	Mean	SD	IntV	SocV	EcoV	DevV	AppV	EmpBr
IntV	15.32	3.48	1.000					
SocV	15.34	3.42	0.042	1.000				
EcoV	15.08	3.17	-0.063	0.312**	1.000			
DevV	15.39	2.93	-0.058	0.151**	-0.022	1.000		
AppV	12.44	3.77	0.036	-0.035	-0.052	-0.088	1.000	
EmpBr	73.59	6	* 0.693*	* 0.719**	* 0.498*	* 0.475*	* 0.315*	1.000

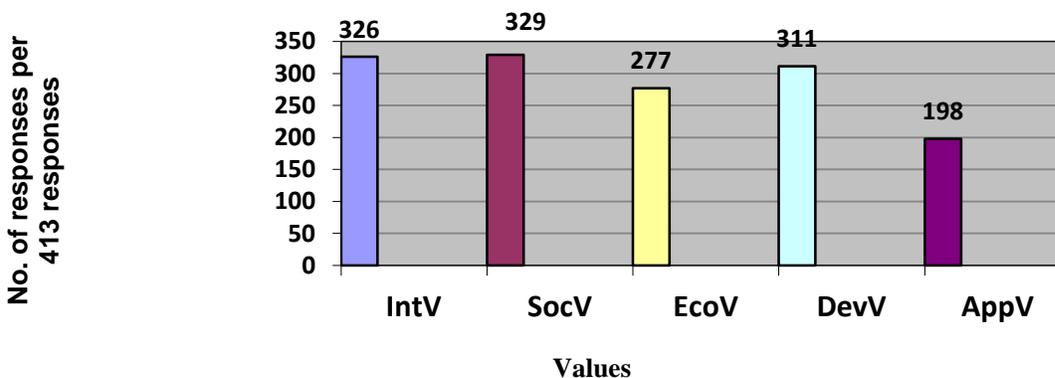
\*\*Correlation is significant at the 0.01 level (2-tailed).

relationships at work, the prospect of enjoying work, supportive colleagues and work as a boost to self-esteem. Employers need to design their employer brand toward these messages. The priority should be focussed in the descending order: social value, interest value, development value, economic value and application value. The fourth position of economic value also supports an important saying, “*Money is not everything in life*”. The money factor is not so important for an individual to choose a job. Rather he/she first looks at the working culture and environment in a company. The more an individual find himself being accepted by a company, its employees and leaders, the more he/she gets attracted to the company. So, there is very less chance of him/her to quit the company for more salary.

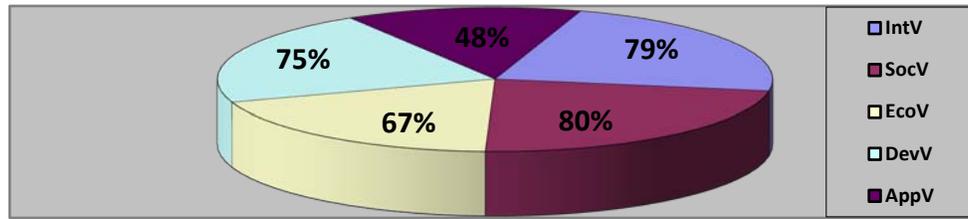
**TABLE 2**  
**ONE-WAY ANOVA**

Predictor Variables	Interest Value	Social Value	Economic Value	Developmental Value	Application Value
df	412	412	412	412	412
F	2219.270	3199.559	1664.235	3100.223	111.698
Sign.	0.001	0.001	0.001	0.001	0.001

**FIGURE 2**  
**NO. OF FAVOURABLE RESPONSES TO DIFFERENT VALUES PER 413 RESPONSES**



**FIGURE 3**  
**FAVOURABLE RESPONSES TO DIFFERENT VALUES IN PERCENTAGE**



**TABLE 3**  
**EMPLOYER BRANDING RESPONSES**

Employer branding	Very unimportant to me			Very important to me			Mean Score (out of 5)
	8	12	44	252	97		
1. Having a good relationship with your colleagues	8	12	44	252	97	4.01	
2. Having a good relationship with your superiors	8	12	56	241	96	3.96	
3. Feeling more self-confident as a result of working for the company	8	12	57	244	92	3.95	
4. A fun working environment	8	12	57	228	104	3.95	
5. Working for an organization that both values and makes use of my creativity	12	21	44	240	96	3.95	
6. Good balance between private and work	8	12	61	248	84	3.9	
7. Working for an organization that produces high quality goods or services	12	12	69	232	88	3.86	
8. An attractive overall compensation package	8	16	70	223	96	3.84	
9. An above average basic salary	8	12	72	224	80	3.81	
10. Working in an exciting environment	8	8	53	244	100	3.71	
11. Working for an organization that I felt I could belong to	12	19	62	250	70	3.69	
12. Feeling good about yourself as a result of working for the organization	12	16	88	216	81	3.67	
13. Supporting and encouraging colleagues	8	20	84	236	65	3.65	
14. Working for an innovative employer with novel work practices and forward thinking	8	16	86	240	63	3.64	
15. A good reference for your future carrier	12	16	101	224	60	3.63	
16. Working for an organization that is customer orientated	16	20	102	207	72	3.59	
17. Good promotion opportunities within the organization	16	20	101	208	68	3.58	

18. Working for an organization that would provide me with job security	16	24	102	195	76	3.56
19. A springboard for future employment	13	32	100	228	40	3.51
20. Opportunity to teach others what I have learned	16	84	81	200	32	3.26
21. Working for an organization would give me hands on inter-departmental experience	20	80	90	187	36	3.22
22. Working for a humanitarian organization – one that gives back to society	32	124	113	124	20	2.77
23. Opportunity to apply what I learned at college	56	128	93	116	20	2.62
24. Recognition/appreciation from management	8	12	56	241	96	3.98
25. Gaining career-enhancing experience	8	8	53	244	100	3.71

## CONCLUSION

As in marketing, brands seek to be chosen by customers. So the branding is an activity that is aimed at increasing the probability of being chosen by customers. The same lies with the concept of employer branding. In order to reach this goal, an employer must understand what its employees seek for. This study presents the employer branding concept from the perspectives of employees' values. The research findings support the hypotheses that employer branding can be affected by four employees' values, namely, social value, interest value, developmental value and economic value. The hypotheses were tested by using simple regression in spss. The result of application value is not surprising as employees do not actually give much credit to the application part of job. They believe that what they learn in their college and what they do in a company is very different. So the application value has of not much significance on the employer brand. Whereas the social value must be taken care with utmost importance since it is highly related to the employer brand process. Management of an organization needs to be mindful of the impact that employees' values have on the branding of the employer. As brand essence of an organization must reflect with its employees, HRM practices must involve understanding employees' values. Management should work on portraying in the brand the same values that the organization's employees hold to be dear, then it will maximise the opportunity of retaining talents. This research area is relevant to both HR and marketing managers, and also academics alike because attracting and retaining talented employees require investing more resources in employment related branding strategies.

The study has several limitations. First, self-administered survey method was used to conduct the study which is not the most reliable and accurate one always. The author did it as it was the most feasible method available. Future research should use personal interviews because they are more likely to produce more accurate and reliable responses; and a nation-wide sample would ensure a more representative sample, which includes all types of organizations. Second, employees of only one organization were examined here, and one should be cautious about generalizing the results to other sectors. Third, the study was performed in one region with unique culture, and its findings might be pertinent only to this particular culture. Therefore, this study must be replicated numerous times in different regions or cultures before firm conclusions can be made.

Despite these limitations, the findings of this study demonstrate the importance of employees' values on employer branding.

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