THE RELATIONSHIP BETWEEN EMPLOYER-OF-CHOICE STATUS AND EMPLOYER BRANDING

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ABSTRACT

In a competitive and globalised business environment, organisations are faced with the challenge of attracting talented employees, since these individuals are considered to be the source of a sustainable competitive advantage. The concepts of ''employer of choice'' and ''employer branding'' have been related in the literature and even combined as ''employer-of-choice branding''. The concepts are briefly explored and it is illustrated that, although closely related, they are conceptually different. The conclusion is that organisations should start implementing the internal changes aimed at being awarded employer-of-choice status as a foundation before building and promoting an employer brand.

INTRODUCTION

A key challenge facing organisations in this era is the attraction and retention of talent. Collins (2001: 13) remarks that ''[p]eople are not your most valuable asset. The Right People are''. These same ''Right People'' are what create a sustainable competitive advantage (Bossidy & Charam 2002: 110) in the face of increased competition and globalisation. According to Helen Handfield-Jones, co-author of a McKinsey study titled *War for Talent 2000* (Harvard Management Update 2001: 5), ''talent is critical to value creation in the information age and great talent has a much bigger impact than even average talent''.

The challenges faced by organisations in recruiting are distinctly different from those in the *War for Talent* days in the late 1990s. The environment is leaner, budgets are tighter, and everyone carries more responsibility. The pressure of finding the *right* person for a position is even higher (Gary 2005: 3). These challenges have given rise to the need for organisations to position themselves in such a manner that they attract talented individuals and it is this need that is addressed by the creation of an employer brand and attaining the status of an employer of choice (Maitland 2002: 40). The difference in employer-of-choice status and employer branding is that an employer-of-choice status is awarded by employees while employer branding refers to the company's efforts in promoting, internally and externally, an unambiguous view of what makes it different and desirable as an employer (Backhaus & Tikoo 2004: 502).

EMPLOYER-OF-CHOICE STATUS

Defining an employer of choice

Organisations positioned as ''top organisations for which employees in general would prefer to work'' (Solecki 2003: 1) are those that have employer-of-choice status. Becoming an employer of choice requires organisations to engage employees (Maitland 2002: 40; Lee 2001: 2). There are various definitions of ''engagement'' but it basically refers to a bond, attachment or allegiance employees have to their organisation.

Becoming an employer of choice

Maitland (2002: 40) cites two philosophies as to how employee engagement is best achieved: bottom-up engagement and top-down engagement. Bottom-up engagement is related to the employees' work experience. This is constituted by the enjoyment of work, training, performance evaluation and participation. The factors are mostly controlled by first-level supervision and lower levels of management, hence the term ‘‘bottom-up’’. In contrast, top-down engagement is determined by an organisation’s leadership. Factors such as the company vision and mission, communication of progress, integrity, employee development and caring for customers are what constitute top-down engagement.

International Survey Research (ISR) (Maitland 2002: 40) shows that ‘‘bottom-up’’ experiences influence employee satisfaction with their companies, but their level of commitment to its future success is determined to a greater extent by the ‘‘top-down’’ functioning.

Ideally, then, the two approaches need to be combined since apart from having a positive work experience, employees also desire to work for a company that has a positive image and engenders values with which employees can identify.

Research done by Sutherland, Torricelli and Karg (2002) on the criteria for attracting knowledge workers revealed 11 employer-of-choice factors from a sample of postgraduate business students. These included: a corporate culture of career growth and challenging work; personal training and development; pay (including its being linked to performance), profit sharing; large organisation offering job rotation and diversity; global, innovative company based on good products; successful company based on strong products; challenging work in a non-hierarchical company (excluding job security and/or large organisation); liking the work and industry; value-based organisation valuing employees; cultural diversity; social responsibility; access to resources; benefits such as fringe benefits, status and work experience; and lastly comfort in knowing existing staff, small organisation, casual dress and a comfortable working environment.

In particular, career growth opportunities and a challenging work environment were found to be the most important attributes of an employer of choice. They can be distilled into the following combined definition: those employers who offer a competitive advantage, use knowledge to add value to processes, and are producers, managers and disseminators of information in a post-industrial, post-service globalised economy (Sutherland et al. 2002: 14). The abovementioned study provides insight into what an employer has to offer in order to become an employer of choice, although it is limited to postgraduate business students as a population, i.e. a narrow application of the definition of knowledge workers.

Beckett-Hughes (2003: 40–41) makes ten practical suggestions which companies can implement to become an employer of choice. The first is that the right psychological contract must be created. In this respect cognisance has to be taken of the factors that motivate employees as well as the ‘‘balance’’ of the ‘‘account’’ in the trust relationship. Secondly, companies are encouraged to know and live their corporate values. In order to achieve this, organisations should obtain broad input in the definition of values and need to decide which behaviours are consistent with the values and how this will be rewarded.

The third suggestion is to assess individual values and behavioural styles. This will assist companies to create the right framework and language for recruitment and development decisions, but it must be supported by assessment feedback loops. Fourthly, companies need to create a coaching culture. This would entail focusing on an individual’s personal and professional development and would require, inter alia, that people managers be trained as coaches. The fifth suggestion is that people processes be branded. This hinges around the employer’s unique selling points, which should be used to build a brand proposition, and all literature should be designed with this in mind.

A further suggestion is to offer flexible benefits. The rationale for this is that different employees are motivated differently since individuals are unique. Developing flexible benefit packages allow people to choose how they receive discretionary elements of remuneration. The seventh suggestion, endorsing employees’ need for a better work–life balance, requires a change of paradigm for most senior managers since the focus must move from attendance to performance.

Flexible working arrangements such as job sharing and part-time work should be made available to all employees.

The eighth suggestion is to be realistic and market driven. Attrition of talent requires a tactical approach. Beckett-Hughes (2003: 40–41) asks whether companies should not perhaps consider cooperation with other companies or whether some tedious elements should not be outsourced. Reinforcing social ties is considered important, since people are more loyal to individuals than organisations.

The second-last suggestion was for people managers to create an environment where employees can have some fun and find more ways to relate to people. Although formal teambuilding is important, fun activities which lighten the mood are equally important. Teams should be allowed to indicate what means most to them, e.g. football, fashion, or fish and chips.

The last suggestion is to systematically eliminate the top ten things which are tolerated in any department but which drain employees' energy. According to Beckett-Hughes (2003: 41), this will release positive energy and eliminate a drag effect.

The Hay Group (*HR Focus* 2003: 3–4) proposes a similar list of seven ways to make your company an employer of choice. The list is as follows: offer employees a clear sense of direction and vision; create a culture that puts a high priority on customer responsiveness, product/service quality and teamwork; understand and respect the connection between people and success; provide the basic requirements to enable employees to succeed in their positions; maintain fair and equitable compensation, and competitive or better benefits; reduce status differences and barriers; and foster an aspect of culture that employees see as "special".

Solecki (2003: 13, 15) notes that becoming an employer of choice requires sound human resource (HR) management. After comparing various factors considered in literature and popular surveys (abroad and in South Africa), he proposes a framework of criteria for employers of choice.

Similarly, an investigation into variables considered important by valued employees, defined as talent by Birt, Wallis and Winternitz (2004: 27), has shown that there are five top variables: compensation and benefits; organisational environment; work/development environment; work–life balance; and a concern with employment equity and affirmative action.

Beckett-Hughes (2003: 40) notes that there is no simple formula for success as an employer of choice. One should perhaps also guard against a view that seeks to adopt a set of criteria or guidelines which will change any organisation into an employer of choice since organisations, being constituted by people, are all unique.

There are, however, similarities in the aspects considered important in becoming an employer of choice, and these point towards an integrated approach to people management which requires the "implementation of best practices and sound human resource management" (Solecki 2003: 13).

According to Astrid Warren, HR director of Microsoft SA, their ability to communicate with their employees regarding their needs has helped them achieve the "best company to work for" award for 2004 (*Management Today* 2005: 13). Becoming an employer of choice is not only about the internal changes required, however advantageous, but also communicating the status internally and externally to retain and attract staff.

EMPLOYER BRANDING

A company's marketing efforts, such as advertising, promotions and other marketing efforts, influence the image consumers and employees (both current and potential) develop of the company. According to Capelli (2001: 140), a survey by wetfeet.com, who provide applicants with information about employers, indicated that 20% of applicants had applied to a specific company for a position as a result of having seen the company's product advertisements.

People management has been related to marketing concepts in other terms as well. As mentioned above, Becket-Hughes (2003: 40) cites branding of people processes as a practical step to becoming an employer of choice. Bechaard (2003: 42) discusses the advantages of internally branding the HR department in order to facilitate the acceptance of HR as a strategic partner. This is, however, more related to internal marketing that promoting a brand to external stakeholders. Boudreau and Ramstad (2005: 23–24) recommend the use of segmentation in the management of talent. Indeed, positioning the company to attract a targeted source of recruits, namely talented employees, is by definition a segmentation approach.

Taking into account the possible positive effect marketing can have on attracting top talent, it is imperative that organisations not only take note of it, but proactively manage it to maximise the potential gains. Marketing principles such as segmentation and branding have to be applied in order to attract the top talent (Capelli 2001: 140; Van Dyk & Herholdt 2004: 54).

According to Van Dyk and Herholdt (2004: xi), every company has an employer brand, regardless of whether or not they are aware of it and actively manage it.

Employer branding is seen by some to be a new approach to gain an edge in the war for talent (Sutherland et al. 2002: 14). The modern labour market represents a true market where employers could view their employment offer as a product. Brands and reputations have always been important in large open competitive markets. Now this is also true of the labour market (Capelli 2001: 140). Jarzebowski (2003b: 22) states that the time has come for HR departments to utilise branding strategies to ensure that their companies attract the best candidates.

Since the importance of en employer brand has been established, it is perhaps prudent to consider what a brand is and how it should be managed. According to Kotler (1997: 443), a brand name is ‘‘essentially a seller’s promise to consistently deliver a specific set of features, benefits and services to the buyers’’. The American Marketing Association’s definition is as follows: ‘‘a name, term, sign, symbol, or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors’’.

Employer branding, as a key strategy for attracting and retaining the best talent, uses aspects of corporate identity and reputation specifically to achieve the multiple objectives of HR management (Sutherland et al. 2002: 14).

To be able to use corporate identity in building an employer brand, one needs to look at the components of a corporate identity or brand. Balmer and Soenen (1999: 74) propose a corporate identity mix. It is clear that, according to this approach, many of the aspects that are considered essential to have implemented properly to become an employer of choice are related or similar to the aspects included in this model. In particular, it is interesting to note that Balmer and Soenen note employee affinity as part of the soul of the corporate identity.

Aaker (2004: 7–10) describes the corporate brand as being primarily defined by organisational associations. Corporate brands have associations to the following: heritage, assets and capabilities, people, values and priorities, local or global framework, citizenship programmes and a performance record.

These associations seem to indicate that the terms ‘‘corporate brand’’ and ‘‘corporate identity’’ are closely related and explain why they are frequently used interchangeably.

CORPORATE IDENTITY AND EMPLOYER BRANDING

The goal, from a people management perspective, should be to align employees (both current and prospective) with organisational vision and values. According to Sutherland et al. (2002: 14), research by the Conference Board showed that companies can either follow a dedicated employer branding strategy or incorporate the goal into their broader corporate branding strategy.

To indicate the difference between corporate identity and an employer brand, the Conference Board defined the two terms as follows:

> A corporate brand embodies company values and a promise of value to be delivered. It may be used to differentiate your company from competitors, based on your strengths, your corporate culture, corporate style and future direction;

> Employer branding encompasses the firm's value system, policies and behaviours, towards the objective of attracting, motivating and retaining the firm's current and potential employees (Conference Board 2001 cited in Sutherland et al. 2002: 14).

ELEMENTS OF A BRAND

A brand could consist of tangible and intangible elements. Tangible elements refer to physical attributes of a brand that can be trademarked and identify or differentiate the brand such as the logo, brand name, symbols, characters, slogans, jingles and packaging (Van Dyk & Herholdt 2004: 35) .

Intangible brand elements, as mentioned in most marketing handbooks according to Van Dyk and Herholdt (2004: 35), are as follows:

- **Brand personality**, which are the human traits that people associate with a brand.
- **Brand experiences,** which are the primary type of human appeal that the product or service present and the type of human experience they target.
- **Brand communities,** which are specialised groupings, based on social relationships among users of a brand.
- **Parent brands or a corporate brand**, which complicates the corporate and multinational environment since a brand must operate under the ''parent brand''.

Ellwood (2002: 125) describes a brand in terms of its DNA. A brief description of the elements follows.

Business culture refers to the type of industry of preferred business strategy of the company. **Consumer culture** relates to the effect of media and elements of image to influence consumers in their thought processes, education and decision-making processes. **Self-image** refers to the use of brands by consumers to create or maintain, or even improve, their own self-image.

The **social image** is related to the self-image, but it is more public and can have many facets, depending on the context. **Rational benefits** refer to the brand's appeal to the consumers mind or logic.

Emotional benefits, on the other hand, are the brand's appeal to the consumers' emotions, as the term implies.

The **brand proposition** is a summary of the rational and emotional benefits. It should contain the target consumers, benefits, desired action and criteria for that brand and those benefits.

The **brand personality** refers to chosen character that best conveys the brand proposition to the target audience (Ellwood 2002: 125).

BUILDING A BRAND

Van Dyk and Herholdt (2004: 41–42) suggest the following guidelines for building a brand. They are listed below with a brief description of how they apply to employer brands.

Start with a quality product: It is not possible for an organisation to build an employer brand if they do not have quality people-management policies, procedures, practices and processes.

Own a word or phrase: A word or phrase combined with the corporate brand will link the message which employers want to convey regarding their favourable employment proposition.

Tap into emotion: The promise contained in the employment proposition should use the target audience's psychology to evoke an emotional response.

Build the image: This is done verbally, visually and through actions. The focus here is to communicate the value of employment with the organisation.

Market the image: The unique employment conditions should be part of the organisation's culture. It should be communicated within the organisation and to the external audience.

Live the message: Organisations have to be committed to following best people management practice. Employees will not otherwise be motivated to advocate and support the employer brand – in other words, ''live the message''.

Backhaus and Tikoo (2004: 505) suggested the following employer branding framework. It is interesting to note the interaction suggested between the corporate culture and the employer brand. One could argue, considering the above models for understanding a brand and how they are related to people management, that there is a similar interaction between the organisation identity and employer branding.

A SOUTH AFRICAN EXAMPLE OF EXTERNAL VALIDATION OF EMPLOYER OF CHOICE STATUS

In South Africa, the annual *Best Company to Work For* survey conducted by the *Financial Mail* and Deloitte & Touche Human Capital Corporation is an opportunity for companies to measure themselves in terms of their attractiveness as an employer or, otherwise stated, their position as an employer of choice.

The survey is suggested as a measure of both standing as an employer of choice (Solecki 2003: 5) and the eventual success of the employer brand (Van Dyk & Herholdt 2004: 59) to attract talent.

It seems, therefore, that once the employer-of-choice status of a company is measured externally and the results published, it becomes attached to the employer brand.

The methodology used in the *Best Company to Work For* survey is to provide three different questionnaires to employees, employers and ‘‘the market’’ (Solecki 2003: 9). The results are weighted according to the following ratio: employees 75%, employers 15%, ‘‘the market’’ 10% (Furlonger 2002: 22). Company size is taken into account to determine the sample size for the survey, and random sampling techniques are used (Van Dyk & Herholdt 2004: 65).

Results of the survey are published for overall standing as well as for categories, which in many cases may be more useful since employees with particular qualifications, skills and experience will look for employment in a particular industry which offers the type of employment they seek.

LEVERAGING AN EMPLOYER BRAND

An employer of choice is an organisation which top talent aspires to work for as a result of its reputation and employer brand message, both of which are tailored to appeal to the target audience (Sutherland et al. 2002: 14)

Job candidates have to be approached much like customers, carefully identified and targeted, attracted the company and its brand and then sold on the job (Capelli 2001: 140).

Apart from recruitment advertisements, the most commonly used method is the company’s website. Since corporate home pages are frequently the first place where job seekers look, they should be designed in order to encourage applications (Capelli 2001: 140). According to Jarzebowski (2003a: 21), research by *Ilogos* shows that 91% of Global 500 companies use their websites for recruitment.

Online recruiting is, however, a two-edged sword. While it is possible to attract top talent through online recruiting, employees may also be lost to other companies in the same way. Another issue that has to be considered is the risk of discrimination through online recruiting (Capelli 2001: 143,144). Employment or appointment criteria, online or otherwise, need to take issues such as employment equity and affirmative action into account. Companies could therefore work together with their recruitment suppliers to develop well-rounded recruitment strategies (Jarzebowski 2003a: 21)

Recruiting efforts should be integrated into overall marketing efforts. Immediately recognisable (HR) brands can be built by tying product ads to recruiting ads through the use of similar formats, colours and styles (Capelli 2001: 140).

CONCLUSION

Having investigated the concepts of employer of choice and employer branding, it seems they can and have been effectively combined. In fact, Sutherland et al. (2002: 13) refer to the term ‘‘employer-of-choice branding’’, which indicates a synthesis of the two concepts.

As referred to earlier, the fact that employer branding uses aspects of corporate identity and reputation specifically to achieve the multiple objectives of HR management (Sutherland et al. 2002: 14) and that to be or to become an employer of choice requires a concerted effort of all the relevant people in the organisation. (Bothma 2004: 16) has to be kept in mind.

Also, considering the first step mentioned above in the process of building a brand, i.e. to start with a quality product, as well as what an employer brand represents, it does seem as if a prerequisite for building an employer brand is to strive for employer-of-choice status. In this regard, an organisation has a great deal of work to do to ensure that its people management strategies and practices are aligned with the goal of becoming an employer of choice.

Therefore one could conclude that although the two concepts are almost intertwined ,there is an order in which they must be implemented, i.e. first an internal focus ensuring that the employment offer contains the elements necessary to achieve employer-of-choice status, and secondly to build and leverage an employer brand.

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