THE IMPACT OF EMPLOYER BRANDING
ON EMPLOYEE PERFORMANCE

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Abstract. Currently, the focus of Employer Branding research is mainly targeted towards recruiting. However, Employer Branding also entails branding activities to existing employees and former employees.

Purpose. Purpose of the research is to assess the current state of organizations according to the six principles for internal branding suggested by Scott Davis (Davis S., 2005) and evaluate their impact on the motivation of their employees.

Findings. As findings, a causal model is provided to assess and measure the full impact of employer branding on employee performance and to provide a structure to scientifically assess the value of employee marketing initiatives.

Research limitations. The limitation of the paper that it is still conceptual and will be empirically tested after the publication.

Value. The research is providing a structure to a part of Employer Branding which has not been paid much attention to yet: the value of Employer Branding to existing employer-employee relationships.

1. Introduction

"People and brands instead of machines." This statement is the result of a panel discussion at the World Economic Forum in Davos on the success factors of the 21st century (Esch F., 2010) which perfectly highlights the two big challenges for businesses in the upcoming decades: The need to create, communicate and maintain a brand in order to differentiate from competitors and to attract, develop and maintain talented and motivated employees are both crucial factors for success.

With products and services becoming more and more homogenous and Know-How being easier to copy, brands become an important differentiator for customers' buying decisions. "Brands are not only growing in value, but a consistent focus on the brand increases the financial success of a corporation." (Schmidt H., 2008).

The organizational importance for "Talent" has been growing significantly in the last decades. "Human resources are strategically the most important company resource, even though it cannot be expressed in numbers form a financial point of view." (Myskova R., 2011) Not only in the service industry, is it becoming more and more important for employees to identify with the brand. Internal branding is essential for creating a brand equity management system that will maximize long-term brand

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equity. A strong brand needs a brand-driven organization, which can assimilate the brand into employees (Keller K. et al. 2008).

Besides creating a competitive advantage with the customer, a strong brand can also contribute to generating and keeping a strong workforce: Employer branding, a new discipline coming up in the last decades, is the approach to develop a brand especially designed to promote the benefits of it as an employer to existing and potential employees (Backhaus K. & Tikoo S., 2004).

The new "War for Talent" creates a tendency to underestimate the abilities of the employees already working in the company and to glorify outside talent. (Pfeiffer J., 2001) However, an organization should also focus on both, the recruitment of qualified and culturally fitting employees and the satisfaction and motivation of existing employees. A positive attitude towards the company can result in higher creativity of employees, more innovation, more participation in workshops and discussions, decline in sick leave times and higher loyalty (Schüller A., 2010).

The purpose of the proposed research will be to analyse the effect of External Employer Branding and HR Marketing on existing employees. The aim is to scientifically prove a relationship between Employer Branding, the understanding of the corporate brand, employer preference, employee motivation and organizational performance.

The expected relation is a positive impact of employer branding on the understanding of the brand of the organization as well as employee motivation and organizational performance.

2. Research Purpose

2.1. Employer Branding

For companies, brands fulfil multiple functions. They help the company differentiate their products, they create a higher brand-loyalty, they profit from Halo-effects, they provide a platform for new products and they protect their own products and services from crisis and competition. (Esch F., 2010) "Branding includes all the practical measures to build a brand that are suitable to make an offer stand out from offers with similar quality and to enable an accurate allocation of an offer to a particular brand." (Esch F., 2010) is best reflecting the current state of definition on branding.

Employer branding is a "targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm. The strategy can be tuned to drive recruitment, retention, and productivity management efforts." (Sullivan J., 2004) It "can be understood as a bundle of benefits with specific, at the same time long term differentiating characteristics (following the theory of Keller 2003), in a way that the substance of an organization as employer is central to the presentation. It is meant to significantly enhance the publicity of the organization as employer, to ensure that employees include the employer in their relevant set. Moreover, the perceived advantages (Brand value) should immediately reflect in the preference-decisions of the target audience and at the same time enable a sustainable differentiation to competing offers of competitors." (Beck C., 2008)

A strong Corporate Brand Umbrella, hosting the Employer Brand as well as the Customer Brand is beneficial to the organization. (Barrow S. & Moseley E., 2005) To create a unified as well as truthful brand image, this brand needs to represent the current company culture.

"While the customer brand and employer brand compete in two different markets − one for products and services; the other for talent and commitment − they are closely interrelated. The employer brand, in attracting the right employees and maintaining their commitment to high performance, plays a critical role in building and supporting the customer brand. Likewise, the strength of the customer brand plays an important role in attracting the right people to come and work for the company. Once employed, the pride

they share in the company's external reputation helps in maintaining their loyalty and commitment to delivering on the company's brand promises to its customers." (Barrow S. &Moseley E., 2005). A successful Employer Brand needs to be closely integrated with the Corporate Brand. Core Proposition, Brand Values and Brand Personality need to reflect the organizational culture and ensure that the derived external and internal customer- and employee-propositions are homogenous.
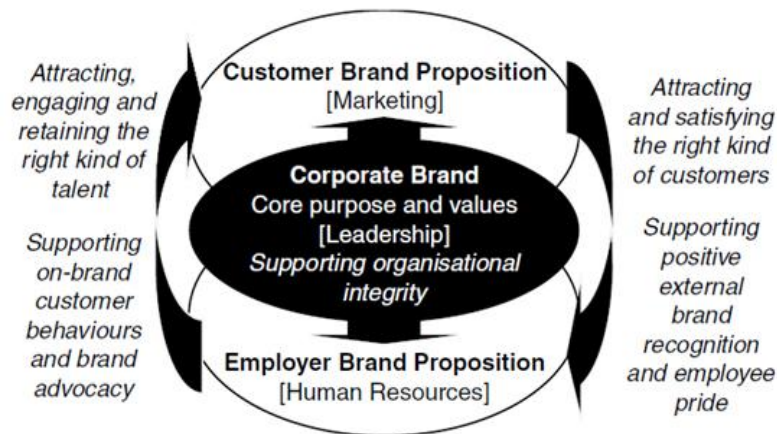

Fig. 1. **Integrating the Employer Brand with the Corporate Brand (Mosley E., 2007)**

Hence, Employer branding is essential for creating a brand equity management system that will maximize long-term brand equity. A strong brand needs a brand-driven organization, which can assimilate the brand into employees. (Keller K. et al., 2008).

2.2. Influence of employer branding and brand-oriented behaviour

Successful employer branding needs to be integrated throughout the organization. Brand-oriented behaviour does incorporate all elements of the organization including organizational structures, leadership behaviour, personnel management as well as communication with in the organization. (Schmidt H., 2008).

Looking at organizational structures, incentives, planning, budgeting and controlling-systems as well as the organizational structure represent the culture of an organization. Leadership styles, management culture as well as management principles and symbolic management stand for the organizational values and orientation. Recruitment, promotion criteria, institutionalized socialization, education and training as well as internal communication and inwardly directed external communication represent the concrete employer branding. All of these elements represent brand-oriented behaviour.

A consistent management of these factors will result in a better understanding of the Employer Brand, which will again lead to an increase in loyalty to the employer, a preference for the organization and the employer as a brand. Furthermore, the better understanding will lead to more brand-consistent behaviour and communication and will transform employees into brand advocates. In this process, the support of senior management is crucial. "Organizations that intend to fully reap the benefits of becoming brand-driven need to work to create the internal culture that encourages and supports on-brand behaviours. Like any form of organizational change, affecting it begins at the top and filters down from there." (Davis S., 2005).
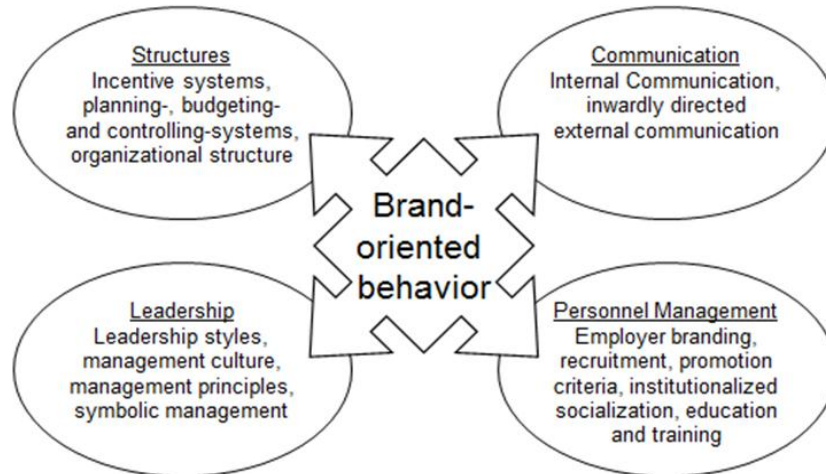
Fig. 2. **Elements of Brand-oriented Behaviour (Schmidt H., 2008)**

2.3. Touchpoints of employer branding

There are various interactions in which a potential employee, a future employee, an existing employee or a past employee are in touch with Employer Branding communication. According to Beck (Beck C., 2008), these can be structured in five phases.

The association-phase, the orientation-phase and the matching-phase are mainly connected to recruiting. In the association-phase, the organization needs to generate the first awareness as company and brand. In the orientation-phase potential candidates start to associate themselves with the company and in the matching-phase information- and communication tools are used to support potential employees to realize whether they are a potential match with the organization and a role within the organization. In the ex-post-phase the network with employees who have left the organization is maintained.

For the analysis of the brand communication to existing employees, the focus needs to be mainly set on the bonding-phase, where the individual is connecting to the employer. It is most relevant for employee retention and productivity of existing employees and connecting them to the organization they work for. (Beck C., 2008).

However, since the employee might be looking at other employment options and will be lured by competing employers, the other phases should not be neglected, as they might have an impact when comparing the communication of brand benefits to the touchpoints of other employers.

A very important concept in Branding is the building of preferences. In case of Employer Branding, the Organization aims at becoming an "Employer of Choice". The notion "Employer of Choice" stands for the positive selection of an employer in the course of a complex selection- and decision-process of an employee looking for an employer, also for a differentiation towards competition as well as an emotionalization of the Brand, which will lead to a higher loyalty towards the Employer Brand and hence the employer. (Petkovic M., 2008).

2.4. Employee Satisfaction as indicator for organizational performance

Employee satisfaction is indicating how content an employee is with his/ her current position. Research on Employee Satisfaction comes from Organizational Psychology. The term is based on various sociological

terms and is often connected towards motivational theory. Classic Theories like the Maslow-pyramid (1954), the Motivation-Hygiene model of Hertzberg (1959) or the ERG-Theory (Existence-Relatedness-Growth-Theory) of Alderfer (1972) are the underlying theories for employee satisfaction. They vary from basic, operational definitions to very complex models, based on individual values, considering affective and cognitive aspects. Same as Employer Branding, employee satisfaction is closely connected to leadership behaviour, organizational communication, organizational structures and how employees are incentivized.

There are various scientific definitions of the term "employee satisfaction". The probably simplest definition of employee satisfaction is defined by Professor Weiss (2002) as "a positive (or negative) evaluative judgment one makes about one's job or job situation". (Brief A. & Weiss H., 2002). This definition does not consider the reasons why an employee makes an indication whether he/she is or is not satisfied with their current job situation. Also, it does not take into consideration whether the judgment of the employee is only temporary or long-term. However, for the creation of a satisfaction-indicator, these factors are only of preliminary relevance, since this inaccuracy will affect the variance of the indicator in the same way across time.

Based on different methodology, a large number of measuring instruments for job satisfaction were developed. The reasons for this diversity in measuring instruments are subject to the different objectives in drawing up the criteria and the measures of job satisfaction. A further difficulty is that there are different operational definitions, the respective designs of the instruments have been based on." (Mertel B., 2008).

Organizations collect information either through 360-degree feedback or employee surveys in written and oral form. These surveys vary by organization and by goal of the measurement. Through 360-degree feedbacks, employee opinions and employee satisfaction can be assessed from different perspectives such as the view of the organization, supervisors, colleagues or team members; this research it is not directly focused on employee satisfaction, but also on performance assessment.

As alternative method, focused employee satisfaction surveys can be designed. Oral interviews can provide more flexibility and opportunity to get individual feedback. However, this flexibility leads to limitations in comparability; it is more expensive and planning-intensive than standardized, written questionnaires. (Kotler P. & Bliemel F., 1999).

Therefore, written questionnaires which are anonymously evaluated are mainly used to generate benchmark values for the motivation of the workforce. They also enable a comparison with past results or between departments. This enables the decision makers in the organization to get clear benchmarks on employee satisfaction, which is an important indirect indicator for organizational performance besides other HR-indicators such as staff turnover, churn rates, sick leave, absenteeism and error rate.

Previous research has proven that employee satisfaction does have a positive influence on employee involvement (van van Wegge J. et al., 2007), performance of employees (Wright T., 2007), the employees' customer satisfaction (Stock 2009) and many other factors. A positive attitude towards the company can result in higher creativity of employees, more innovation, more participation in workshops and discussions, decline in sick leave times and higher loyalty. (Schüller A., 2010).

3. Research Findings

3.1. Suggested research framework

Combining the literature input mentioned above, a basic framework to connect the factors employer branding, brand awareness and employee performance can be combined and indicators for measurement of the effectiveness of Employer Branding activities can be derived. The theory of the research is to prove a positive casual relation between Employer Branding and Employee Satisfaction.
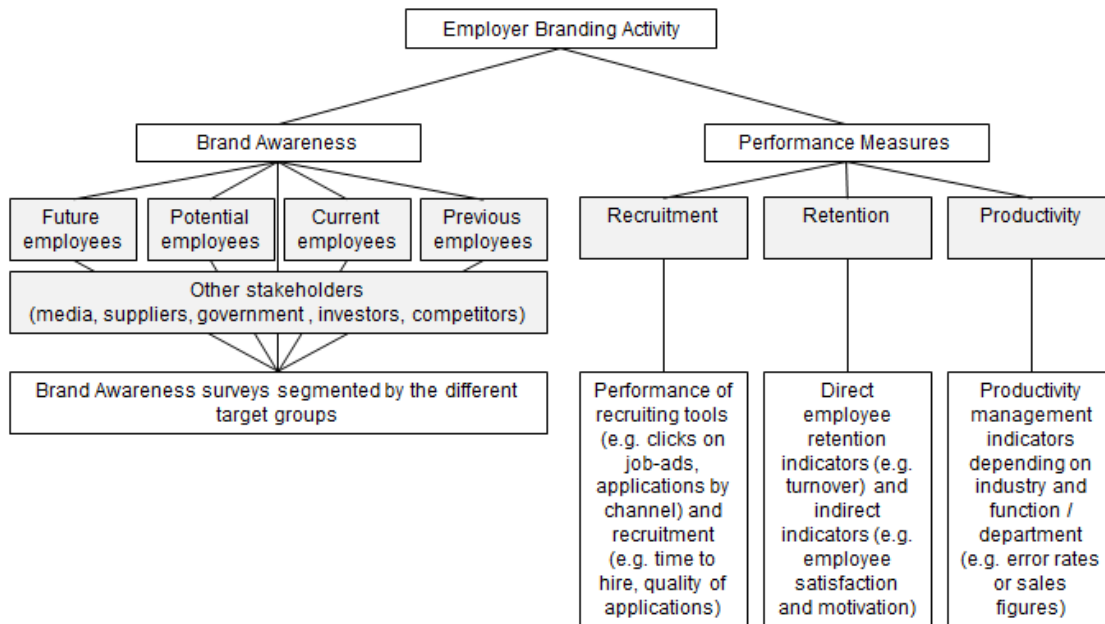
Fig. 3. **Measurement Tools for Employer Branding Activities**

To better understand the causal relations between the various factors of the model and to create a proper scientific research model and hypotheses to verify and falsify the suggested approach is to conduct in a first step, qualitative expert-interviews to better understand the current goals and impact of Employer Branding on organizational performance with a specific focus on recruiting.

3.2. Suggested research design

Having adopted a positivist paradigm, qualitative research is used in this project, to ensure that all aspects of Employer Branding have been considered. Therefore, the current adoption, purpose and success of Employer Branding in selected businesses should be analysed through an exploratory case study with qualitative, unstructured interviews. They are suggested by Easterby-Smith, Thorpe and Lowe (1991) as appropriate method when they are used to get some general input on a subject, to develop a general understanding of respondents' opinions and beliefs, if the subject is confidential or personal and to get clarity on a process. (Collis J. & Hussey R., 2009) The interviews should be conducted as qualitative in-depth interviews with a selected group by judgmental sampling. The interviews will be done via phone with decision makers in Recruiting and HR-Marketing from companies of various industries. In terms of status of their Employer Branding initiatives, these companies should have already gathered first experiences in the use of Employer Branding in Recruitment and HR-Marketing, they should have a defined Corporate Brand and they should have recruitment tracking in place. Only if these facts are given, the required information and learning can be derived in the interviews. Regarding the sample size, 15-20 interviews should be a scientifically valid number of respondents. (Mason M., 2010).

The main body of the first unstructured interviews will be based on the six principles for internal branding by Scott Davis:

1. Make the brand relevant.
2. Make the brand accessible.
3. Reinforce the brand continuously.
4. Make brand education an ongoing program.
5. Reward on-brand behaviours.
6. Align hiring practices. (Davis S., 2005).

In addition, the touchpoints used for Employer Branding (as seen above in the definition) and the success indicators chosen to measure the success for internal Employer Branding will be questioned.

4. Limitations of the study

Employer branding is a very complex concept. An Employer Brand is the expression of corporate culture and the corporate brand. Therefore, it will be a challenge to clearly isolate the factors of communication from other factors such as leadership, organizational structures and other communication as well as personnel management.

Moreover, there also differences between organizational departments and functions as well as the management or experience levels of the employee are influential to the relevance of the brand to the employee.

Depending on the organizational structure, there might me different cultures within an organization. The size and organizational influence of each department, will then also play a role hard to separate. A big question is also where Employer Branding is driven in the organization and how it is supported by top management.

Also, the brand is communicated through various channels. Also the brand itself needs to be relevant, understandable and represent the organizational culture. It will be very difficult to find out whether these factors are fulfilled. Depending on the organizations analysed, the communication as well as the channels will definitely vary.

Since labour markets around the world vary, there will be a geographical limitation to the study, which will focus on the German-speaking labour market. Even though it might in some ways be similar to the European and Western American markets, there are still many differences which might lead to different results of research.

Not only the labour market, also the different cultural backgrounds of the interviewed do have an influence on the efficacy of employer branding measures. Therefore a structural equitation model might have to be constructed before the first analysis might be done.

The information provided on the changes of performance measures will be provided by the interviewees. This means that we have to rely on the accuracy and validity of the statements on performance numbers. For confidentiality-reasons, most organizations will not provide the original data on hiring performance. The number of interviewed will be quite small and there will be only first indicators for the questions derived from the six principles by Davis.

In addition to these limitations, the research might not be fully quantifiable in a second step.

5. Expected outcome

Expected outcome of the study is a clear understanding of the importance of the employer brand on the organization. Also, there should be first indications of the status of employer branding concepts and the clarity regarding goal, purpose and scope of the employer branding measures.

Also, a clear perception on the effect of employer branding, on existing employees should be derived to learn more about the impact of brand communication of the employer brand on the understanding of the employer- and the overall corporate brand on employees.

Even though, the general principles underlying this research propose various concepts in their regarding fields, a study aimed at identifying a correlation between internal branding and employee satisfaction has not been conducted yet.

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