

The employer brand

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ABSTRACT

This paper tests the application of brand management techniques to human resource management (HR). The context is set by defining the 'Employer Brand' concept and reviewing current HR concerns. Pilot qualitative research is reported with top executives of 27 UK companies, who were asked to reflect on their HR practices and the relevance of branding.

This exploratory research indicates that marketing can indeed be applied to the employment situation. Bringing these functionally separate roles closer together would bring mutual benefit and lead to comparable performance measures, eg, trust and commitment. 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 substantiate the reciprocal benefits from a closer alignment of HR and marketing practices.

INTRODUCTION

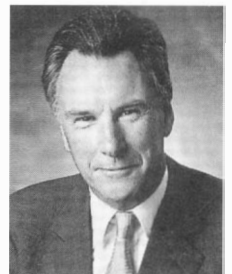
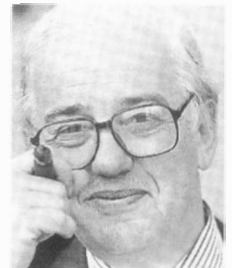
Annual reports frequently extol people as the company's most important resource, and/or its brands as its greatest assets. Nurture both of these, and the bottom line should take care of itself. The research is re-

ported towards bringing these separate disciplines of human resources (HR) and brand marketing into a single conceptual framework. On the one side, the employer can be seen as a brand with which the employee develops a closer relationship. Employee, and thus corporate, performance will be influenced by awareness, positive attitudes toward the 'brand', loyalty and trust that the 'brand' is there for the employee.

Marketing, reciprocally, is moving to an increasing recognition that there should be greater people orientation and less exclusive focus on short-term transactional economics. It is easier, cheaper and more profitable to keep existing customers than recruit new ones.¹ Marketing essentially has the function of achieving corporate objectives, typically profit, through meeting the customers' own objectives. Substituting 'employees' for 'customers' is perhaps a small step but not one, as will be seen, currently recognised by British industry.

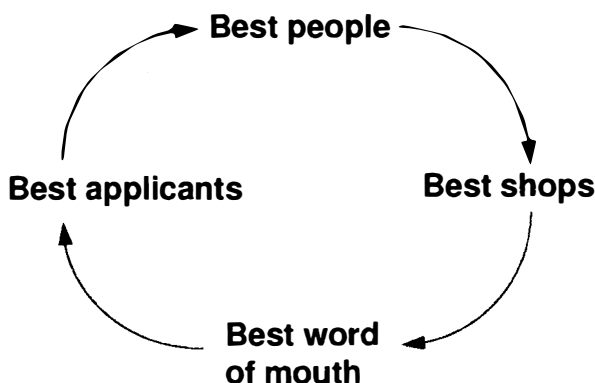
The two goals should be mutually reinforcing: continuing good relationships between the company and its customers necessarily involves the employees.

Following a discussion of relevant marketing concepts, the 'Employer Brand' (EB) can be defined. Some current HR concerns are noted which the EB concept might assist before reporting the findings of qualitative research interviews with top executives of 27 UK companies, who were asked to reflect on their HR practices. While it is not currently part of their HR thinking, most respondents found the EB concept helpful and relevant.



Top:
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Above:
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Figure 1 Link
between quality of
employees and
quality of
product/service



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, captures the virtuous circle we are seeking.

The paper concludes with proposals for further research to substantiate the benefits, and identify the disadvantages, from a closer integration of marketing and HR thinking and practices. It is expected that there will be considerable variation in the optimal mix between industries and companies. The research needs to show not just the general picture but how companies can select the mix of HR and brand disciplines most appropriate to their circumstances.

DEFINING THE EMPLOYER BRAND

Berry defined relationship marketing as ‘attracting, maintaining and — in multi-service organisations — enhancing customer relationships’. Kotler² shifted from his traditional microeconomic orientation to seeing the marketplace as a ‘network of value-laden relationships’.

Kotler and Armstrong³ see relationship marketing as reflecting the goal to deliver long-term value to customers, and the key measure of success as long-term customer

satisfaction. The importance of supplier and or customer relationships increases 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. The EB concept has 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 matters.

Relationship marketing marks a shift, in principle, away from exclusive short-term economic concern with immediate transactions toward long-term building of brand equity which Ambler⁴ has expressed in relational terms. In practice, there is constant tension between short-term and long-term considerations. Feldwick⁵ has questioned whether the brand equity concept is needed at all. He is right that the literature is confused. He is also right that the value of an asset should be distinguished from the asset itself. Thus if, for the moment, a neutral term, ‘XXX’ is used, for the intangible asset which good marketing creates, the financial valuation of XXX is not the same as XXX. Nor is any other set of measures of XXX the same as XXX.

In Feldwick’s analysis, marketing performance needs to be measured by a combi-

nation of: current performance, diagnosis of current trends, the brand's chances of future profits and, perhaps, a valuation of the brand's current worth. In the accounting model, that translates into the current performance and the state of XXX, or perhaps the change in XXX since the start of the period. In all the confusion, there is a loose, but not consensual, drift towards 'brand equity' being the least bad label for XXX. The 1991, Marketing Science Institute working paper⁶ is, to some extent, an imprimatur. While shared language might make marketing a little easier, progress requires challenge to accepted thinking. The implicit question is whether 'equity' adds anything to 'brand'.

The thinking behind branding is far from new. San Bernardino of Siena,⁷ the medieval theologian, was among 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. Aaker⁸ expresses the value of branding to the customer as interpreting/processing of information, confidence in the purchase decision and use satisfaction.

The functional benefit — *virtuositas* — of a spade is not the quality of the spade, but what the spade will do for us, eg, 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 was summarised by King:⁹ 'a product is something that is made in a factory; a brand is something that is bought by a customer'. In other words, the product comprises the functional benefits and the

consumer buys a holistic package of benefits, including the economic and psychological — notably satisfaction.

Gardner and Levy,¹⁰ as well as King, note that a brand has a 'personality' from the consumer's point of view. This is echoed by Kosnik's¹¹ 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 1980s, employees ceased to see IBM as trustworthy.¹² The personality of IBM had become self-centred and stodgy.

The 'Employer Brand' can be defined 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 EB offers employees parallel those that a conventional (product) brand offers to consumers:

- developmental and/or useful activities (functional);
- material or monetary rewards (economic);
- feelings such as belonging, direction and purpose (psychological).

The EB 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 (eg, Shell), the EB is also the same. Its personality *vis-à-vis* the consumer should be consistent with its personality as seen by other parts of its business network, eg, its employees, if it is to be trusted. If an em-

ployer has many consumer brands and does not market a consumer brand under the company name, eg, Unilever, then the EB becomes, in this perspective, simply another brand being marketed to a distinct segment, namely, the employees. As for any other brand,¹³ the value of the EB depends on the importance 'customers' (in this case employees) assign to benefits the company is able to deliver and its differentiation.

The question can now be addressed as to whether a brand, or the EB, needs the addition of 'equity' when discussing it as a corporate asset.

Consider a new brand: NB. At the time it is launched it has no XXX (as above, the intangible asset created by good brand marketing) in the sense that any measurement, financial or otherwise, of XXX is zero: no awareness, no loyalty, no penetration, no market share etc. Three years later, suppose NB is a great success. NB is exactly the same and its marketers dare not change it. NB has now acquired significant market share, a premium price, high awareness and loyalty and positive attitudes. XXX, in other words, has changed but NB has not. It follows that some label will be needed to distinguish the brand asset from the brand itself: 'equity' will do nicely.

EB equity is therefore the intangible asset in the minds of existing and potential employees that has been built up by good marketing and HR practices. It can be measured, just as any other brand equity can, and valued. The sale of a company involves the transfer of employee brand equity which may be raised or diminished by that sale similarly to the consequences of the sale of a product brand.

Before considering some current HR concerns, concepts similar to EB are reviewed to establish whether EB adds anything or whether existing ideas are merely being re-labelled.

DOES THE EMPLOYER BRAND CONCEPT ADD ANYTHING?

There are three main groups of concepts which are similar to the EB:

- corporate culture and identity;
- internal marketing;
- corporate reputation.

After reviewing these in turn it will be shown why the EB concept adds value.

Culture

Olins¹⁴ 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. While Olins is concerned with corporate identity, such visual imagery should represent the underlying reality of the organisational culture.

The organisation's 'culture' may be defined¹⁵ as the values that support the organisational purpose and strategy or corporate identity. Indeed, Mills¹⁶ suggests that the collapse of IBM in the 1980s and early 1990s 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 argues that the active management of culture is a primary driver of success.¹⁷

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. Companies with strong customer relationships and brand equity tend to be characterised both by positive employee relationships and superior long-term performance.¹⁸ The importance of culture is very clear; the issue is how it can be proactively managed.

Figure 2
Classification of
internal marketing

Internal marketing done BY		
	Department	Whole organisation
Internal marketing done TO	Department	Type I
	Whole organisation	Type II
	Type III	Type IV

Internal Marketing

The literature on ‘internal marketing’ does not make the direct brand/employee management comparison. Internal marketing (IM) is defined as ‘marketing to employees of an organisation to ensure that they are effectively carrying out desired programs and policies’ in the American Marketing Association’s dictionary. Some will reject this somewhat manipulative understanding of marketing and employee relationships. Kotler defines IM as ‘the task of successfully hiring, training, and motivating able employees to serve the customer well’; still somewhat uni-directional.¹⁹

IM has been widely noted, mostly in the context of services marketing, but not seriously researched.²⁰ Foreman and Money²¹ 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 (see Figure 2).

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 department persuades the rest of the organisation to do what it wants. Gronroos²² sees IM as type IV. Every individual (employee) should be treated as a customer and every customer as a member of the company.

Hutt²³ applies relationship marketing to IM in the Type III sense (the marketing department applying it to the rest of the or-

ganisation). The marketer is 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’ (p. 356).

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. The three types of internal marketing benefits they extracted were, for comparison, employee development (function), rewards (money and/or economic benefits) and vision and/or something to believe in (psychological benefits).

Corporate reputation

Dowling²⁴ 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 3 and 4. The central box in Figure 4, labelled ‘Employees’ images and reputation of the company’, represents an intangible asset for the company which needs to be nurtured if

Figure 3
Alternative
positioning themes

Organisational Attributes

- size
- technology leadership
- innovation
- people (best employees)
- flexibility (adaptable to customer requests)

Stakeholder benefits

- rational appeals (based on organisational attributes)
- psychological appeals (a consequence of being associated with the organisation)
- environment-oriented
- community-orientated

Customer/stakeholder group

- heavy, medium, light user
- particular industry sectors
- particular sized customers

Price

- bargain
- value (best price/performance)
- prestige (high price/high quality)

Geographic

- regional versus global scale

Competitors

- market leadership (biggest market share)
- challenger (firms which aspire to become the market leader)
- follower (forms which imitate the strategies of leaders of challengers)
- niche marketer (firms which serve parts of the market where they avoid clashes with the major firms)
- exclusive club (the top 3, the top 6, bulge bracket etc)

Use/application

- full or unrestricted range of products/services
- level of relationship/commitment to customer

Source: Dowling (1994)

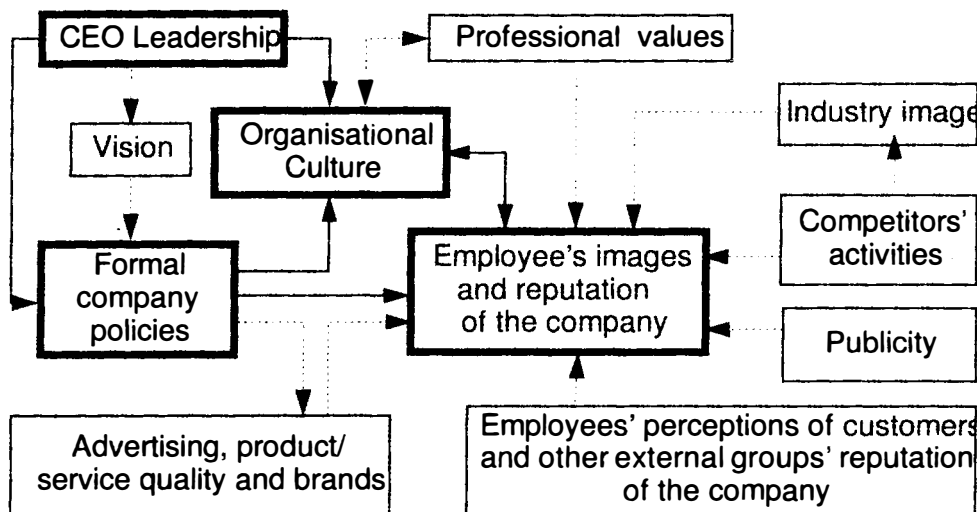
performance is to be maximised. This is the EB equity in the minds of its employees, just as the awareness of, attitudes and behaviours towards a product brand such as Shell is the brand equity of Shell.

What does the EB concept add?

All these approaches share recognition of the importance of the intangible asset made up of the relationships between the corporation and its employees, between employers and the identity they present to the world. Clearly they have much in common. The EB concept uniquely synthesises them into a single term which can be actively managed (as can IM) and measured as EB equity (a development of IM). Culture, IM and reputation overlap but essentially *differentiate*

these from other corporate activities. EB recognises the *similarities between* HR and regular (product) brand marketing thus permitting, in principle, their functional skills to be used in each others' areas.

Trust, for example, has been singled out as a key dynamic for firms in their relationships with employees,²⁵ and is also the principal construct in relationship marketing.²⁶ Cruise O'Brien²⁷ 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 5 reproduces her analysis of trust into cognitive and affective components.



Source: Dowling (1994)

Figure 4 Factors affecting employees' perception of corporate image and reputation

These same measures could be used equally to assess the external marketing performance and the EB. 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. While 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).²⁸ Thus awareness is part of the legitimate measurement of brand equity even for employees.

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, it is suggested, of employee relationships. The costs of recruiting the best people, training and

Cognitive (rational)

Assessment of
reliability
competence
fairness
consistency

Affective (emotional)

Faith in
care
concern
openness
support

Figure 5 Assessing trust in an organisation

Source: Cruise O'Brien (1994)

Figure 6
Comparative
qualifications in
1994

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

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

developing them can only be recovered if they stay long enough to make a return on that investment.

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.'²⁹ Pfeffer 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'.³⁰

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 HR will referred to 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. These concerns will be examined in greater detail below.

Low skill and education level in the workforce

Figure 6 shows that 26 per cent of the UK's 1994 population was qualified to NVQ-2 or 3 compared with 49 per cent and 55 per cent 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 per cent, indicates that this gap will close. The UK target 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.³¹

Low employee commitment

Today's best employees, like today's customers, know they are in demand. They re-

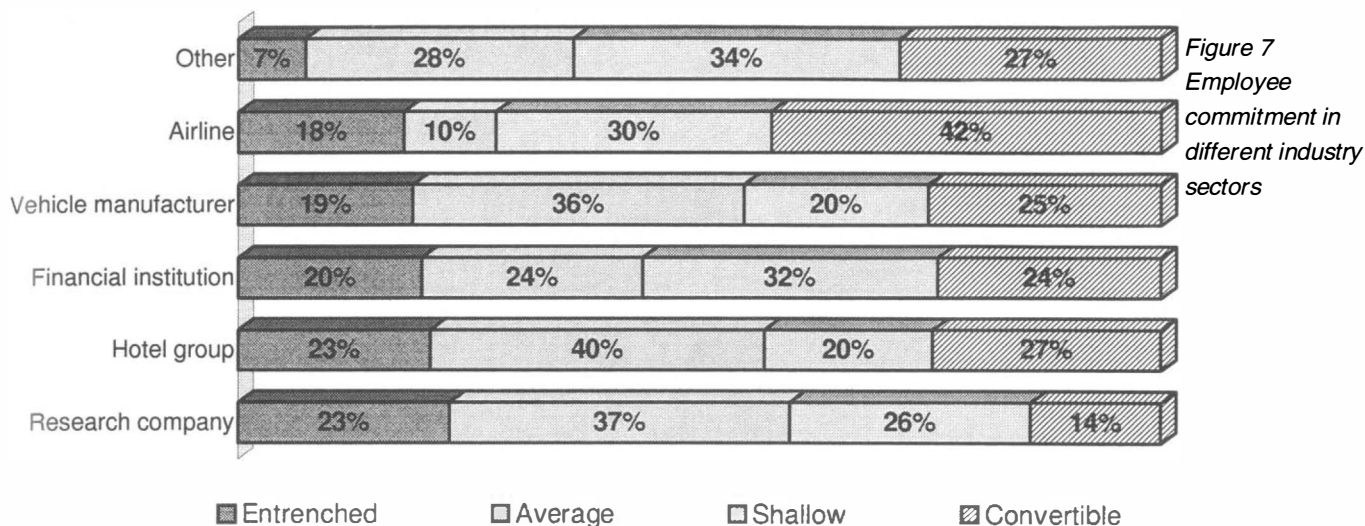


Figure 7
Employee
commitment in
different industry
sectors

Source: Jamieson and Richards(1996)

quire 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 (see Figure 7).

The expressions 'Entrenched', 'Average', 'Shallow' and 'Convertible' are from Hofmeyr who divided brand users into these four segments.³² The first two 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 Richards³³ cite the case of one major bank in which customer and employee commitment were measured across the company's regional branches. Figure 8 shows markedly higher customer than employee commitment levels. The authors believed this case to be representative.

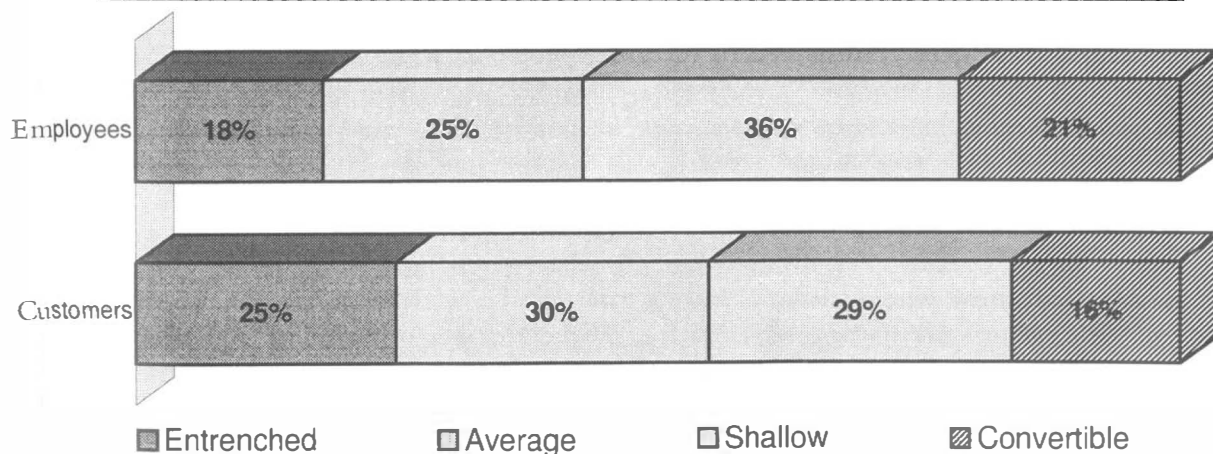
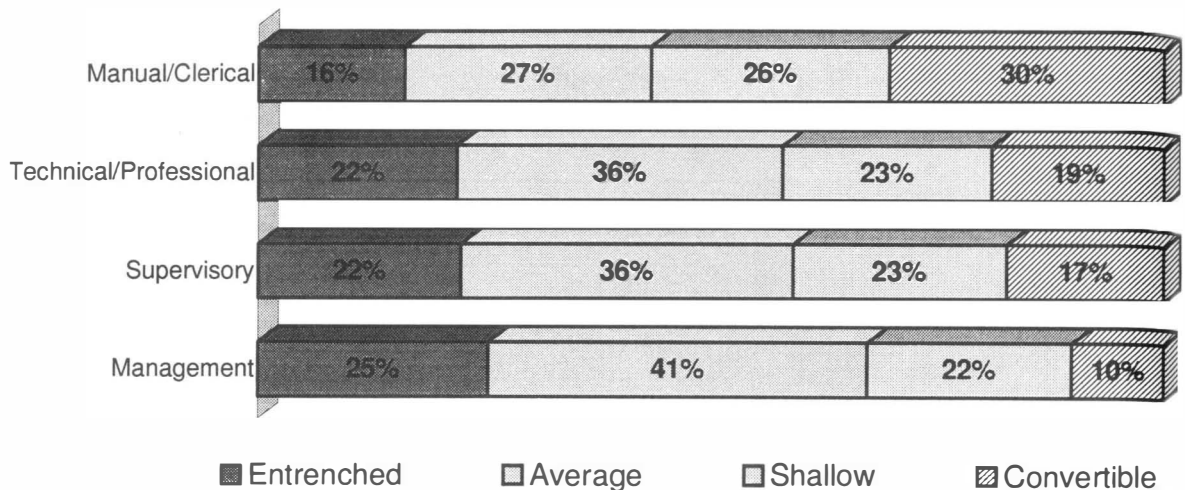


Figure 8
Commitment levels
of customers vs.
employees in a
representative
case study

Source: Jamieson and Richards (1996)

Figure 9
Employee
commitment by job
type



Source: Jamieson and Richards (1996)

As might be expected, commitment levels rise with seniority, as shown in Figure 9. Low commitment among customer-contact staff has clear implications for customer service levels,³⁴ and it is in this area that proactive management of an organisation's EB could potentially have the greatest positive impact.

HR 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 than that of customers. These factors are unlikely to be of equal concern to all companies. High customer-contact, high employee, value-added businesses, such as consultancy, would be more likely to be 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, these concepts are seen as becoming more important.

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 respondents were a convenience sample of clients and contacts of People in Business, a London-based management consultancy.

Statistical considerations were not a factor in this qualitative study. The objectives were to:

- ascertain each company's overall approach to these issues;
- gauge the reaction to the EB as an integrating (HR with marketing) framework.

The discussion guide for the interviews is attached as Appendix B and covers:

- (1) the existence of the EB, and its components;
- (2) the importance of the EB to the company, and its influence over HR policy;
- (3) positioning of the EB;

- (4) measurement of employee relationships;
- (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 EB 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 'EB' was quickly adopted.

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 EB concept as they thought about it, and some did not.

Too much weight has not been put on individual comments. As noted above, the testing of hypotheses was not sought, but rather 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 per cent 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 EB is not currently 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.

This methodology was designed to be exploratory: the researchers were not seeking to prove the case for the EB concept but to test the water of its acceptability.³⁵

FINDINGS

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

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

- The Employer Brand — its significance to employers;
- Managing and measuring the Employer Brand;
- Obstacles to developing the Employer Brand;

— The Employer Brand — its significance to employers.

Most respondents seemed to associate the EB 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 EB concept were awareness and psychological benefits.

Most respondents also recognised the importance of the EB 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 EB 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 EB 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 EB 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 EB 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. Corporate culture and reputation are firmly embedded in management thinking, and there some resistance to recognising the EB 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 EB is so intertwined with culture that I find it hard to separate them.’

‘The EB concept reflects the culture. Do you really want to distinguish between them?’

‘Our EB is probably not that strong; we have a high turnover rate, partly because today our culture is not well articulated.’

‘The EB 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 EB.

‘Performance and reputation are important — you must be successful as a business in order to have a good EB — you have to perform.’

‘It is difficult for us to build our EB, 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 EB We are perceived as being an interesting, dynamic, progressive corporation — external surveys show that 99 per cent of the people think we are great. However, our internal surveys show that only 14 per cent of our employees are

happy working here!’

Respondents singled out awareness and psychological benefits as the foremost aspects of EB 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 EB 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.’

Measuring and managing the Employer Brand

Many of the respondents identified the HR function as the most suitable department for managing the EB, 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 coaching line managers.’

‘We have a very decentralised organisation where we [HR] support the efforts

of managers. The EB should be created by middle managers and spread by them throughout the organisation.'

Others saw EB 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 EB management had yet to emerge.

'To what extent should the EB 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 EB 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 EB does need to be measured and managed.

'Is EB 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 EB 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 appears to be 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 per cent of employees are not feeling informed, and 40 per cent 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 (eg, 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 EB.’

‘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, eg, 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 EB concept is far from universal.

‘In our industry, people are only as good as their last deal.’

Obstacles to developing the Employer Brand

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

‘EB 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 EBs. The awareness that, not unlike consumer brands, an EB 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 EB; we have 100 per cent staff turnover p.a. It is only college kids that want to earn money to fund their studies.'

The main obstacles to the EB 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 EB 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 EB 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 per cent 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.

FURTHER RESEARCH

Internal marketing, of which the EB concept is a development, has not been widely researched. The fundamental empirical question is whether firms using brand and marketing disciplines in their HR functions achieve better performance. Conversely, do firms employing best HR practice in their (relationship) marketing programmes do better?

Clarification is needed of the extent to which corporate culture can be and is being actively managed in companies. The findings here indicate that its existence is recognised but the tools to manage it do not exist. Issuing policy statements on values and culture has little impact: what preoccupies top management, what they do

and what they ask about, is very influential.

Whether EB, internal marketing, corporate reputation and culture are different things, or different labels for the same thing, is less important than the collective contribution they can make to the achievement of corporate goals. Clearly the concepts overlap. What then matters, assuming they do make a difference, is what management can do to enhance them.

The following research is needed:

- What, if any, active EB equity building programmes (under whatever name) exist;
- To what extent the programmes are formal (written down and agreed by the Board) or informal;
- How they correlate with subsequent performance;
- How such programmes compare with their product marketing programmes;
- The involvement, if any, of HR managers in product marketing and the consequences for those companies.

Empirically grounded evidence of success is more likely to lead to widespread adoption than the conceptual framework so far established. On the other hand, the purpose of this paper was simply to test the water.

CONCLUSIONS

It would appear that the EB 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, eg, 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 Armstrong³⁶ who saw relationship market-

ing as more relevant to situations of high profit margins and fewer customers, eg, consulting companies and investment banks.

The levels of sophistication of firms within the same general area of the spectrum differ substantially. This exploratory research indicates that industry leaders, ie 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 that follow an implicit EB model seem to 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 EB 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, ie 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;
- the techniques of relationship marketing.

This last point is of particular importance. It is believed that 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.

The Marketing Council was created in the UK in 1995 because many leading companies believed that marketing principles were not widely accepted in British companies. In that context, it would be surprising indeed if the EB concept was welcomed by the respondents on first acquaintance. Nevertheless, it was found that both interest and, in some firms, enthusiasm for the idea. Those firms with marketing cultures have little to lose from so implementing the consequences. At the least, their HR and marketing functions will gain better understanding of each other's disciplines. Furthermore, the McKinsey study refer-

enced above³⁷ 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

We would like to ask your views on how the HR function manages things like employee relationships, and your firm's 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 firm's 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 within 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 organisation's culture?

What do you think are the parallels between this _____ and your sales?

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? Rank 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 the 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?

APPENDIX B – INTERVIEW GUIDE (CONTINUED)

What is the target market for your competitor?

Who is better, you or your competitor, at attracting the best candidates?

What is your firm's salary position within the industry and overall? Are these target markets made explicit?

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 (eg, front office by department and support staff)?

Industry sector:

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