The Effect of Employer Brand on Talent Management

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Abstract

The main purpose of the study is to explore the need of building a successful employer brand and its effect on attracting and retaining talent in the organization in a context of high turnover and skill shortage. Critical analysis of the theoretical concepts and a historical review is made. The article gives examples how big companies build their employer brand (L'Oréal, Netflix, Salesforce). Examples are given for the Bulgarian market with companies which operate here like Southerland, SAP Labs, etc. A comparison of good practices with a well-established employer brand is made and guidelines are given for organizations in Bulgaria in which no such practices have been observed. The methods which used for gaining the information are Internet secondary data and direct observation in companies. This article will serve to the readers and employers to understand why the topic is so important these days and eventually to prevent some loses if they implement some of the good practices described in the research.

Keywords: employer brand, retaining talent, good practices.

1. Introduction

Nowadays building and employer brand to attract talents is a must. In days where every company has problems with finding and retaining the right talents, high turnover, skill shortages and lack of sufficiently qualified people, employer branding gets the most important instrument for attracting talents. All the companies that want to attract the top talents must take care for the image of their brand. Building an employer brand gets more and more popular and those who haven't built an attractive image as an employer have lower chance to be visible, to be the employer who is able to gain talents in a world with employers with more popular brands.

2. Philosophy of the research on the effects of employer brand

The goal of the research is to explore the need for employer branding in the context of shortening skills and the situation with attracting and retaining talents which is getting more and 2 more complicated. The proof is in giving examples of popular organizations which brand is already build and presenting their point of view. How employer branding affects attracting talents, there are any positive results as a result of the positive image of the organization as an employer, does the lack of employer branding harms the achieved results in talent acquisition process- these are all questions concerning the research.

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The research is a Qualitative one. It reports a detailed description of the problem to building an employer brand that attract talents by gathering secondary data by experienced companies, direct observation in small typically Bulgarian company and analyzing it with the help of the theoretical framework provided at the beginning of the analyzes. The uses of the research will serve the needs to understand the theme, why it is important to the modern world and what motives the companies to build a positive image as employers. It provides insights about the problem and it may inspire future quantitative research which can analyze with punctual data and statistics the effect of employer branding on talents.

What differs this Qualitative Research from others is that it uncovers trends, opinions and thoughts how building an employer brand affects the attraction of talents providing arguments thanks to the explored literature and the evidence in media. The research can also be characterized as an Analytical one because it analyzes the results of the companies which pay attention to the employer branding and it makes comparisons between best practices.

In order to provide as much representative information as possible were selected for analysis six of the international companies who have the most popular employer branding strategies and are hiring top talents so I can explore the effect of employer branding on the attraction of employees.

The importance of employer branding which is applied in our country is also analyzed through secondary data about the companies which operate within the Bulgarian market. No interviews were needed because companies which are branded as good employers have a lot of information on their corporate websites and on social media.

The added value of the research is the fact that the already published data are analyzed and placed in a broader context.

The last part of the study is direct observation, a typical small company in which the author temporarily had access to the company's practices. Unfortunately, negative effects were found from the lack of care of the management staff for the employer's brand of the organization – high 3 turnover and dissatisfaction of the employees. That doesn't mean that because we are not branded as a good employer, they quit, but it raises questions and suggests some steps and measurements that could be taken into consideration.

Statistics (mainly from the professional network LinkedIn and from Glassdoor) and theory for the employer branding support thesis of the importance of the topic nowadays and the examples of good practices are valuable for the research analyzes.

3. Historical review and critical analysis of theoretical concepts for employer branding

The term "employer brand" was first introduced to audience of managers in 1990 (Barrow, 1990). After that, Tim Ambler (Senior Fellow in London School of Business) gives a definition for employer brand in the *Journal for Brand Management* in 1996. Within it the authors define the employer branding as a package of functional, psychological and economic benefits which are provided in the employment process and are identified by the employer (Barrow & Mosley, 2005).

Until 2001 the Conference Board in North America (https://www.conferenceboard.org/events/talent) searched approximately 140 companies and approximately half of them claimed to be engaged in employer branding and that it affects them in a positive way. Another survey was conducted in 2003 by *The Economist* among their readers, 61% of which know what employer branding is from, which 41% are non-HRs (Gupta at al., 2014). The first book on employer branding was published in 2005 and there was a second one in 2006.

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The growing status of employer branding was once more confirmed in 2008 by Jackie Orme who is the general director of the Institute of Personnel Directors in the UK. His opening status to annual CIPD conference was stating that at the beginning of his career nobody was discussing the employer branding and many people even didn't know what it is. According to him at that moment employer branding is integral to the business strategy. Companies will tend to talk, integrate and establish more and more strategies related to employer branding (Schuhmacher & Geschwill, 2008).

If we accept that Orme was right 13 years ago, now employer branding has to be extremely growing trend, even a must, executed by many companies. Still some changes should be made within the companies to achieve better results but now at least everyone knows what employer branding is. According to Stephan Rathgeber (2017) by Manpower Germany retaining talents is not an easy task but those employers who want to achieve good results should keep some golden rules and best practices for the employer branding. Rathgeber emphasizes on that the successful employer branding includes several parameters which are of higher importance to attract talents. At first employers should ask themselves "why should anyone work for you?". This provides them the chance to think what can be improved and once they formulate it, they can answer employees' questions why they should work for them and will provide arguments for them. The company's mission, vision and values should be defined very well and properly communicated. LinkedIn surveys also support Stephan's these that employees are attracted if the company has a purpose (Vesty, 2016).

Moreover, employer branding should be visible. Employers must think digital. They need well-structured website where all the career opportunities are described. If it is mobile and user friendly, the chance to attract a talent is higher. Some studies show that 89% of those who search for jobs use their mobile phones. The easiest way to know more about a company is when you travel with the public transport and use your mobile device, to take a look on the corporate website. The corporate website provides the opportunity to develop e of the employer branding. It is the first step which develops the brand and it can provide image of the company which is interactive, structured and cohesive.

Depending on the audience successful employer branding includes involving the social media. According to researches 62 percent of the applicants visit the social media and 76 the corporate website. Social media help not only to communicate the employer brand but also to involve employees and talents in order to build an interactive employer brand. The brand should be defined but flexible according to Stephan. In other words, employers should not be afraid to criticize themselves and to admit their mistakes. There's no perfect employer brand. The imperfections give a chance for development.

Part of the recruitment process is the onboarding. This is a process which can be both positive and stressing. If the process is made to be smooth it can turn into long-term engagement. Involving the new employees in the processes builds strong relationships between all members. The strategy of onboarding can also be integrated within the corporate website. There could be a place on it where employees can share their positive examples so they can attract talents.

Stephan Rathgeber (2017) relates building successful employer brand to attract talents with building a community. He emphasizes on that community matters to the positive brand. According to him many of the companies with employer branding strategies like Mars, Google and P&G apply their strategy connecting it to the community. The branding approach focuses on social and 5 stakeholders' company responsibilities. Of course, companies should not use popular topics but things which are related to company characteristics.

Other authors define the employer branding like a number of benefits. Like Van Dam (2006: 13) who states that "employer branding is a logical process through which companies reach one main goal: to have a strong appeal on their current and future ideal employees." Companies

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who fit into this definition offer number of features: positive image on the labor market, high recognition, employees in touch with the psychological contract, economic and psychological packages, special attention to the employees, differentiation from the other employers, policies that provide stability. Thus, the effects on employer branding will result in organization identity, loyalty and productivity which will attract other employees.

Statistics also support building an employer brand as a key aspect of the attraction of talents. To measure employers' reputation is becoming more and more important component of building an effective strategy. According to a survey in 2016 by Glassdoor (Glassdoor U.S. Site Survey, January 2016; *Updated from 94%, Glassdoor survey, October 2014) 69% of the respondents are more likely to apply for a job where the employer take care for it brand by updating their profile on social networks, shares updates on their culture of work. Moreover, 76 percent of them want to learn more information what makes the company attractive employer. They want to earn more about the salary, additional benefits, basics of company's products and lastly but still about the values, mission, vision, etc. People tend to be emotionally attached to the brand that the employer provides. The statistics by Glassdoor also shows that 84% of people are ready to leave their jobs for organizations that have better corporate reputation.

4. Good practices

Amongst the companies with higher employer reputation are General Electric (https://www.ge.com/), L'Oréal (https://www.loreal.com/), Netflix (https://www.netflix.com/), Lithium Technologies (https://www.crunchbase.com/organization/lithiumtechnologies), Salesforce (https://www.salesforce.com/). All of them have updated websites, social media profiles. Of course, all they have bigger budgets than the small companies for employer branding but some of their practices are possible to be applied anywhere else (Guest Blogger, 2017).

General Electric are working on a strategy where they publish a video introduced by an average developer who is trying to convince his close friends and family that his job is exciting. The problem is that no one understands his profession. That is why General Electric takes time to understand their audience and create high quality video which has a button for job applying. They also have special career site where all the open positions are available. They use the approach of actively communication with their future employees by understanding their psychology which is a guarantee for a profession that worth.

Interesting example is L'Oréal, a company who has many followers because of their products. It turned out that 70% of their followers on LinkedIn are potential job seekers who are interested in working in the company. At that time L'Oréal took advantage of this opportunity and ran a campaign called "Are you IN". During the campaign the advocates of the company shared their story in the company. This resulted in long-term strategy for engaging the top followers into building their employer branding and in acquiring many talents. They also have a YouTube channel where their employees show what is to work there. Of course, in their case not only the employer branding works for them but also their famous products. Still the employer branding is important because it adds value to the brand.

Netflix go far beyond the typical employer branding. They announced their policy for parental leave in 2015. It means that its employees have unlimited time with their children within the first year of their birth. The company is rated as one of the top employers in Glassdor so it looks like their parental leave concept works with the combination of good salary and additional social benefit packages. Another company which has high rating on Glassdoor is Lithium. They publish videos which are filmed very well with the name "Kickin" t at Lithium. They just film really funny and inspiring atmosphere in order to attract talents. All the companies which I mentioned build their positive image as an employer in Social Media. Salesforce is a company which is

followed by 750 million users. They are using a hashtag #dreamjob. The employees are actively engaged in posting about their "dream job". They are using real people from the company to post their real stories. They use high quality photos on their Instagram page. They even won an award Employee's Choice, Best Workplaces for Working Parents.

Getting an award and being publicly appreciated always scores high in employer branding and brings top talents. Speaking about awards the company which won "Employer brand of the year" in Bulgaria for 2018 is Southerland Bulgaria (https://www.sutherlandglobal.bg/bg/). They are multinational company with thousands of employees. Of course, they have a high turnover as a call center and they need to hire new employees every month which means that they need to be really attractive. On Bulgarian level the labor market is really small and they should be paying 7 much attention on how employees – current and future – see them. The specifics of the award are that the company contributes to the relationship between the leaders, the implementation of the HR strategies which plays an essential role for attracting talents.

Their website describes how they take care for their employees. They have published detailed information about the benefits like excellent salary, excellent office environment and working conditions, relocation package, flexible working hours, team buildings, career development opportunities and additional social benefits. Moreover, they announce that they are always open to new talents offering them a variety of positions. This action is really important for employers that offer positions. They even state that they answer within a short time which is always a good sign that the organization is responsible and takes care for its current and future members. There is even a place where people can upload their CV.

"We invest in our people. Our teams are at the heart of each process transformation." is the quote on their top page. No matter if it is true or not such quotes which share that it is in company's values to invest in people attract talents who want to develop. They even share employee stories on their website just like L'Oréal and Salesforce. What they do is not only to share stories about their top management and how they developed within the company but they also share about the experience of the support. Such roles are not the key one which transform processes but are roles which are often needed within the organization it is important for such people to know that they are important.

Another international company with office in Sofia which has also won „Employer brand of the year" award in 2015 is SAP Labs Bulgaria (https://www.sap.com/bulgaria/about.html). According to Glassdoor (2016) they have 5-star rating. The pros according to the employees is that there are many training opportunities, great work environment and culture, fascinating projects, free lunch, many opportunities. They are top employer and many developers are attracted by the company but providing top products means that they have to hire and attract top talents. That is why they are paying much attention to present themselves as a good employer.

They provide publicity to their vision, mission and strategy for talent management both in social networks and on their website. Their talent management strategy emphasizes on that they take care for their top talents, they advertise themselves as a good employer, the information how they treat their employees is a public one. It looks like their vision is not only on paper because they have very low turnover – about 2% of their employees quit annually and their employees stay in the company average 5 years. Some of the reviews in Glassdoor are that they have really nice culture. This means that they really have achieved to build a brand which attaches emotionally their employees.

Big international companies have higher budgets for employer branding. Smaller one like the one I work for find some difficulties in building a brand which is popular and appreciated by the talents. We don't have a big budget for advertising and our corporate website is created to

serve our clients and it is managed outside Bulgaria. Still, we can make some changes and we have a plan what should be done.

At first, we should become visible at least on social networks. We can post in linked in and in Facebook not only about the open positions in the company but also about the activities like teambuilding which we organize for our team members. All the additional social benefits should also be visible on our website or on social networks. If we build strong connection among our employees, they can be involved in the processes. Actually, it is easier to publish positive information about our organization online which is presented well than to achieve real results and to be employer which deserves its employees.

Many organizations nowadays rely on recommendations when they are on the search for new employees. We should ask ourselves are our employees satisfied by us so they can recommend us as a place which is worth to work for. The answer is no because there is a high turnover and high dissatisfaction of the employees but some steps must be taken into consideration. The first step of good employer branding is defining values, goals and a direction. Then it is easier to present it to the people who work for you and to convince them you want to invest in their development. A specific thing which we do which is a step for the employer branding is the referral bonus that our employees get when they recommend a friend. That helps them to give them the chance to work in environment with their friends. Once they feel valued, part of the community they will spread positive information about us and the employer branding will execute its main role – to attract talents.

5. Critical analysis of the results of the study

Our understanding of the employer branding is that this is the term which is used to describe the employer's reputation and what is its value to the employees. Employer branding differs from the reputation of the organization as a whole or as the reputation of its products. Employer branding means that the employer has a positive image on how it threatens its employees and how it presents its values and how others see them. Employer branding is closely related to attracting talents because nowadays people are not searching only for salary, remuneration package but they want to be emotionally attached to the organization they work for. They want to feel respected and that their leaders are taking care for their development, work-life balance and well-being.

To summarize employer branding is a combination of values, written and unwritten norms of the organization. Such a "strategy" needs a lot of communication in order to attach emotionally employees and to make them believe that they are valued in their organization. If the organizations have employees who value them the process of attracting talents is just getting started. Employer branding works for the employer from the process of understanding something for the organization, to applying for some of the open positions, through recruiting, spreading positive information about the company, to attracting friends and professionals to join the organization. People tend to invite people who are appropriate for the organization only if they are also sure that the organization is appropriate for them so in order to be in touch with the employer branding, organizations should pay attention to building its brand every day.

"Once employees feel valued, part of the community they will spread positive information about us and the employer branding will execute its main role – to attract talents" – is the quote of the research that summarizes the importance of the role of the employer brand on the attraction of talent. The research confirms why employer branding is so important nowadays by giving examples of popular practices in big companies. It shows the relation between the employers that have built a successful brand and their positive results of attracting top talents. It

also shows the negative aspects of the lack of effective employer branding which results in turnover.

Typical examples as a proof for the results are companies like L'Oréal, Salesforce and etc., who take advantage of their followers and turn the job seekers into potential future employees of their companies. They show that the steps to success are telling real stories of people in their companies and engaging them into the employer branding process.

Such strategies are really beneficial nowadays:

(1) At first, they are innovative,

(2) Secondly, they are visible, and

(3) Thirdly they are attractive and make employees feel valued.

In such situations the effect could also be reversal because social networks are always showing only the positive site of the things and when an employee enters such organization get really disappointed there because this is work after all, not heaven.

More important than the positive image of the organization on their websites and social networks is the real feel they provide. It really works for building a successful employer brand.

The conclusions drawn by the researches are that to keep your talents, employers should take care of the following steps in building a successful employer brand: defining purposes and explaining them to the team members, admitting mistakes and being flexible, taking care for the onboarding process and building a community with strong leaders. These steps should not be only taken into consideration but also should be explained to the employees so they can feel secure, empowered, productive and part of a community.

In support of my research the statistic shows that 84% of the people are ready to search a job with better corporate reputation.

Though years ago, no one has ever heart of employer branding, nowadays as Orme predicted in 2008 employer branding is part of big companies' business strategies and a must. Those who don't share their values with their employees are in big problem with retaining their talents.

6. Conclusions and recommendations

Proving the need of employer branding in every company is significant in order to understand the contemporary business world. The times now are very dynamic. All the companies need skilled workforce to achieve its goals and know that if they don't threat employees properly with a competitive remuneration package, additional social benefits and good attitude they will leave. That is why people are interested in joining organizations where the work environment is good. This is the thing which can defer them from the others.

Moreover, nowadays the information whether the working atmosphere is good or not is very easy to be found. Employees are always ready to speak about their organization and if someone is not treated fair enough, this may result into losing talents because of bad reputation. The process of building a successful employer brand is exhausting and it can't be made just for the social networks. The truth behind the social networks positive image as a good employer is more powerful because here the results are speaking. Satisfied employees bring another satisfied employee.

The need of employer branding in the context of skills shortage and the situation with attracting and retaining talents, keeping them satisfied is proved by the positive examples, by the secondary data and the statistics. The fact that more than the half of the employees are ready to leave organizations which have bad reputation means that people are attracted by the famous employers. Why not to be attracted by companies who take care about your development and give you work-life balance for example is the raised question with the clear answer that everyone should be which at the end will contribute to the processes.

Future researches may go deeper providing more evidence to the case. Now we have explored the need of employer branding and the relation of the process with attracting talents with the data and the information we have thanks to internet sources. The next research can widen the process by doing a questionnaire in a few companies and explore which are the main aspects of the employer branding which attract them. The qualitative research can turn into a quantitative one and can measure the exact results of the effect of employer branding on talents in numbers. Like after its implementation what is the turnover, the number of new attracted employees, what is their loyalty and their attitudes can be summarized and turned into statistic

7. Self-evaluation, critical analysis and study limitations

This research report has help to widen knowledge about employer branding and abilities to analyze and make relations between the employer branding and its effect on talents. The statistic background and the theory has helped for the analyzes. Still some more theoretical information could be included in the analyzes. The methodology can also be upgraded. The qualitative research can include questionnaires to the respondents (employees and how are they affected of the employer branding), interviews (to HR managers and talent acquisition specialists). The interviews can reveal information from the "kitchen" of famous companies. What we can see from the internet is only a positive information. The negatives and the parts that have to be improved should also be part of the research. Employees can also be a great source of such information. Moreover, the research focuses more on the positives and the good practices. Some information about the failures in employer branding can also be revealed and analyzed.

The research shows examples of employers who have big budgets. It is a good idea for future researches to analyze how to apply such strategies in Bulgarian old-fashioned companies.

In the same time the research does not aim to be as detailed as possible. It just proves its thesis and goals successfully.

Acknowledgements

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