A Study on Employer Branding in Multinational Companies at Hyderabad

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ABSTRACT
Employer branding is the new modern word for marketers as well as in human resources management. Employer branding is defined as targeted, long term strategy to manage the awareness & perceptions of employees, potential employees and related stakeholders with regards particular firm. The strategy can be tuned to drive recruitment, retention and productivity management efforts.” In the last decades, a substantial research effort has been put into analyzing the importance and the impact of strategic brand management on business performance. Analyzing the objectives for employer branding are translated into HR activities. How the performance of the activities is measured & what indicators are used and useful to measure the performance of the employer branding in the human resource context.

Keywords-- Brand, Skilled labor, MNC

I. INTRODUCTION TO EMPLOYER BRANDIN

The most important brand relationship in the life is unlikely to be your choice of breakfast cereal, mobile phone or car, but the brand you work for, the employer brand. Who you work for represents an extremely important brand choice. This is the brand relationship that takes up most of the time. It’s probably the brand with which you’re most intensely involved, the brand about which you have most to say (good and bad), and if you’re lucky it’s a brand with which you’ll proudly identify for the rest of the life.

The term employer brand was first used in the early 1990s to denote an organization’s reputation as an employer. Since then, it has become widely adopted by the global management community. The employer brand concept is borrowed from marketing. It helps organizations focus on how they can identify themselves within their market as an employer of current staff, as a potential employer to new recruits and as a supplier or partner to consumers. Employer branding is relatively a new idea, but in practice some organizations have been making the use of the idea implicitly for some time now. (Harding, 2003)

An employer brand has both personality and positioning. Employment branding is therefore concerned with building an image in the minds of the potential labour market that the company, above all others, is a “greater place to work” (Ewing, M.T., Pitt, L.F., de Bussy, N.M., and Berthon, P., 2002). The Conference Board, in its 2001 ((The) Conference Board, 2001) study of employer branding practices, proposed that “the employer brand establishes the identity of firm as an employer. It encompasses the firms’ values, system, policies and behaviors toward the objectives of attracting, motivating, and retaining the firms’ current and potential employees” ((The) Conference Board, 2001; Backhaus, K.B., and Tikoo, S., 2004).

Consumer or external branding works to influence customers’ propensity to purchase, repurchase and recommend our products and services. The goal is to become a product or provider of choice by manifesting key characteristics that the customer values. Employer or internal branding works to influence employees’ propensity to be attracted to, remain with and be motivated to sustain the business objectives.

Five Reasons Why Employer Branding Is Important

Five reasons why employer branding should be a vital management tool for every organization and company today.
1. Shortage of skilled labor: With the emergence of China, Russia, India and Brazil as economic powers, and due to the aging population in the U.S., European Union and Japan, the competition for skilled workers has or will continue to increase. Adding to this trend, there is also a clear shift in students’ preferences moving from technical degrees to non-technical degrees. Companies or
organizations that are perceived to be attractive employers will have an easier time to recruit top talent.

2. **More with less**: A mantra coined during this economic downturn, there is high pressure to cut costs and increase productivity, which has made the need to get the right people in the right jobs even more crucial. Employer branding results in more successful recruitment and retention of top talent. Moreover, by properly communicating the reality of the work environment, companies are more likely to attract talent that fits their organizational culture, thus increasing the number of people with the right skills in the correct positions.

3. **Growth & profitability**: Hiring and retaining top performers is essential for growth and to maintain a competitive edge. Employees who have the right skills, experience and knowledge, in relation to the critical areas of a business to drive growth, are strategically important. In addition, as developed economies move more towards the tertiary/service sectors, people become the primary asset. Employer branding increases the profit margin.

4. **Popularity**: Research on the talent market reveals that graduates and professionals want to work for companies with great reputations; they often turn to family members, friends or colleagues for advice and approval when making a decision about which employers to consider. Moreover, the consumer/corporate/employer brands are intertwined. If a company is viewed as an unpopular employer, it will consequently affect everything else and cause disequilibrium in the corporate ecosystem.

5. **Strength**: Being an attractive employer provides a company or organization more bargaining power, as employees will want to work for them more than anyone else, even those that have rare or most in demand skills—irrespective of salary levels. An attractive employer can create for employees an illusion that their choices are limited outside of the organization, constantly maintaining an image of being the most desirable employer, giving the right reasons or incentives for their top performers to stay.

**STEPS TO DEVELOP AN EMPLOYER BRAND**

1. **Understand business objectives** – What is the vision and strategic direction for the organization?

2. **Identify the talent needs** – Determine what talent, skills and knowledge are needed to accomplish key business objectives in the future.

3. **Determine the employer brand attributes** – Determine those key attributes that define the employment experience with the organization. Make sure that the messages the company communicate to prospective employees are accurate and true.

4. **Link the employer brand to the corporate brand** – Understand the organizations current branding position to decide how to best leverage the employer branding strategies off the consumer brand.

5. **Develop the employer message and creative concept** – Present the employment experience in the most compelling way. Develop messages that will engage the right candidate.

6. **Measure results** – One cannot improve what one cannot measure. To determine if the company is ‘living the brand’ as an employer, solicit feedback from recent hires and those employees who are identified as high potential talent.

7. **Execute the brand strategy and evaluate** – Unveil the employer brand initiatives in-house to gain support among employees to help engage new talent. Linking rewards and recognition to such initiatives as the employee referral program can be a very effective way of getting employee support.

### II. REVIEW OF LITERATURE

The term employer brand was first used in the early 1990s to denote an organization’s reputation as an employer. Since then it has become widely adopted by the global management community.

Kotler (1991) defines employer branding as ‘the task of successfully hiring, training and motivating able employees to serve the customers well’.

Ewing & Caruana (1999) says that many managers would argue that externally oriented marketing is difficult enough without introducing the notion of ‘internal customers’.

Minchington (2005) defines employer branding as “the image of the organization as a great place to work in the mind of current employees and stakeholders in the external market. The art and science of employer branding is therefore concerned with the attraction, engagement and retention of initiatives targeted at enhancing company’s employer brand”.

Osborn-Jones (2001) defines that the contest among employers to attract and retain talented workers takes place in a world where technological advances and global competition are driving widespread change in employment patterns.

### III. NEED FOR THE STUDY

With the huge changes and challenges in the business world, the companies are adopting many new strategies to face the challenges in this competitive world. The companies are making new developments to attract the customers and the new strategies are being developed to retain the talented employees in the organization.

The new trend of taking measures to attract and retain the employees which shows the impact on internal branding of the company is the basic need of the study. The study is intended to know the measures followed by the company to increase their internal brand image. How the company is retaining its employees in the organization without any disturbances of the employees moving to other companies.
IV. STATEMENT OF THE PROBLEM

During the times many companies came into existence. The competition also increased drastically when compared to the past times. The companies’ strategies also changed to meet the demands of the employees in the organization. Lot of jobs outsourced to India. Many MNCs have started opening their offices. This had resulted in competition to hire and retain talents. This has become a challenge. It’s an employee’s market. They should feel that they are working for a good company. Employer branding is important today.

Companies expect more quality productivity in a minimum period of time, technical and soft skills from the employees and ability to learn the changes in a short span of period. Companies should think differently to attract talents, rather than giving salary hike. Trend of salary and compensation is not healthy. It may lead to India becoming uncompetitive in the international market.

In a hurry to recruit people, many companies are hiring people without capability, skills and right attitude. After 5 years, they will realize that, it is expensive to do so. Giving 30 to 40% salary hike annually may not be sustainable in the long term. Hiring would become matured after 5 years. They will attract people with job content, rather than compensation. Employees should look for ‘right fit’ for their skills. All this will ensure less attrition rate. All these will be possible only through the human resources who are employed by the company. Employer branding plays a key role in every aspect regarding the human resources in an organization. The employer branding works out not only internally but also externally outside the organization.

Employer branding, the company is to identify the customer needs and perceptions regarding the functioning of the human resources and work for a better relationship. If there are differences in the employee and customer perceptions the HR is to take measures to nullify or minimize them to avoid the loss of business.

The above listed problems were taken as base for the project work.

V. OBJECTIVES

- To study the impact of employer branding on the employees of MNCs in Hyderabad.
- To examine the effect of employees’ values on employer branding in MNCs in Hyderabad.
- To analyze the employer branding practices followed in the multinational companies in Hyderabad.

VI. RESEARCH HYPOTHESIS

The hypothesis set for the project is based on the independence of the variables. The variables used to set the hypothesis are reward strategies and employer branding.

H0 - Reward strategies and employer branding are independent
Ha - Reward strategies and employer branding are not independent

VII. SCOPE OF THE STUDY

Place wise the project is confined to the locality of Hyderabad.

The areas covered in the study are employees values, Employer branding practices, Impact of employer branding practices on employees, Safety measures followed, Compensation packages and Facilities provided.

VIII. LIMITATIONS OF THE STUDY

- The company did not permitted much time to gather information from maximum number of employees through questionnaire.
- The information provided by the employees may not be accurate.
- The sample taken for the study is limited due to the less time span of the project.

IX. METHODOLOGY

To achieve the objectives of research, a planned and strategic descriptive investigation is carried out. A descriptive research may be simple or complex. It determines who, what, when, where and how of a topic. The main characteristic of this method is that the researcher has no control over the variables. The researcher can report only what had happened, or what is happening.

- Research Type : Descriptive in nature
- Research Approach : Survey method

RESEARCH INSTRUMENT

The research instrument used in this study is a Semi-Structured Questionnaire. A questionnaire consists of a series of questions asked to obtain statistically useful information about a topic. When properly constructed and responsibly administered, questionnaire become a vital instrument by which statements can be made about specific groups or people or entire population.

SAMPLING PROCEDURE

- Sampling Unit : Higher Level Employees
- Sample Size : 45
- Sampling Method : Purposive sampling
SOURCES OF DATA
Primary and secondary data
• Primary Data: The data were collected from the employees through a structured questionnaire.
• Secondary Data: Gathered the information from Company books, Articles, e-books, websites.

X. TOOLS AND TECHNIQUES USED FOR ANALYSIS

Simple Percentage Method

Formula
\[ \text{Number of respondents} = \frac{\text{Total number of respondents}}{100} \times 100 \]

Chi Square Test
Chi Square Test will be applied to the hypothesis set for the study.

Formula
\[ x^2 = \sum (\text{observed frequency}-\text{expected frequency})^2 / \text{expected frequency} \]

\[ x^2 = \sum (O-E)^2 / E \]
Degree of freedom (v) = n-k
n=number of frequency classes
k=number of independent constraints
For a contingency table with ‘r’ number of rows and ‘c’ number of columns,
The degree of freedom is \[ V=(r-1)(c-1) \]
The following steps are required to determine the values of chi square test:
• Take the difference between observed and expected frequencies.
• Obtain the square of the difference.
• Divide \((O-E)^2\) with the expected frequency.
• Obtain \[ x^2 = \sum (O-E)^2 / E \]

Opinion of respondents on reward strategies followed in the organization
Effective reward is not just about raising salaries, but about finding the right employee reward programs for the business climate, the strategic direction of your business and your unique work culture.

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>NO. OF RESPONDENTS</th>
<th>PERCENTAGE OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>28</td>
<td>62.22</td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>5</td>
<td>11.11</td>
</tr>
<tr>
<td>To be improved</td>
<td>12</td>
<td>26.67</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Interpretation
Of the total respondents more than half of the respondents (62.22%) are satisfied with the reward strategies followed in the organization. 11.11% of the respondents are somewhat satisfied with the reward strategies in the organization. The rest of the respondents opined that the reward strategies are to be improved.

TESTING OF HYPOTHESIS

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>Oij FOR EXECUTIVES</th>
<th>Oij FOR NON-EXECUTIVES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>10</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Some what satisfied</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>To be improved</td>
<td>4</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16</strong></td>
<td><strong>29</strong></td>
<td><strong>45</strong></td>
</tr>
</tbody>
</table>
EXPECTED VALUES (Eij) FOR EXECUTIVES
\[=16 \times 28/45 = 9.96\]
\[=16 \times 25/45 = 1.78\]
\[=16 \times 12/45 = 4.27\]

EXPECTED VALUES (Eij) FOR NON-EXECUTIVES
\[=29 \times 28/45 = 18.04\]
\[=29 \times 5/45 = 3.22\]
\[=29 \times 12/45 = 7.73\]

Significance level is taken as 0.05.
Degree of Freedom, \[V = (r-1) (c-1)\]

Where \(r\) is the number of levels for one categorical variable, and \(c\) is the number of levels for the other categorical variable.

\[\text{No. of } r \text{ variables}(r) = 4; \text{ No. of } c \text{ variables}(c) = 2\]
\[V = (4-1) (2-1)\]

Degree of freedom \(V=3\)

We use the Chi-Square Distribution Calculator to find \(P(\chi^2 > 0.0689) = 0.005\).

Since the \(P\)-value (0.005) is less than the significance level (0.05), we cannot accept the null hypothesis. Thus, we conclude that there is a relationship between employer branding and reward strategies.

### XI. CONCLUSION

Employer branding may be concluded as, to retain the employees in the organization and to increase the company’s brand image the companies now-a-days are focusing more on the employer branding. It is making the employees, to feel that, their work place has great working environment.

### REFERENCES

**LITERATURE**


**WEB SITES**


