

CLUSTERING AUTOMOBILE COMPANIES USING EMPLOYER BRAND

ATTRIBUTES

Dr Bejoy John Thomas,
Professor, Rajagiri Centre of Social Sciences , Kochi, Kerala.
Dr. G.S. David Sam Jayakumar
Jamal Institute of Management, Jamal Mohamed College, Trichy
Ms. S. Clemence Jenifer,
Research Scholar, Jamal Institute of Management, Jamal Mohamed College, Trichy
E-mail : haai.jeni@gmail.com

ABSTRACT

The objective of this study aims at assessing the latent use of perceptual maps for employer brand positioning of leading Indian companies from the view of potential employees sector – wise. Hence, based on the identification of attributes such as interest value, social value, economic value, developmental value and application value specific to every employer our study aspires at evaluating how the employers are positioned in the minds of potential employees based on these attributes or values. The study has some interesting strategic implications. We can see how closely the competitors are clustered within certain industries, and to deal with this employers have two options. Either, you can embrace the similarities and aim to be the best in the industry. While embracing similarities, they are associated with exactly the same things as other companies in their industries, and even more strongly so! If a candidate is interested in that particular sector, they will automatically consider these companies.

INTRODUCTION:

One or the other form of branding has been used at least since classical Greek times to differentiate products/employers of the same kind. In the world of consumer branding, advertising and marketing professionals have learnt how to differentiate their products from their competitors and generate brand equity. Everyone in the professions knows that consumers will pay a premium price for a product that is strongly affiliated to an image or emotion instead of the mundane generic product that doesn't have one. Yet in the employer branding world, it seems like there is much to learn, as all employers say the same things, especially those in the same industry. It's like everyone is speaking at the same time and giving you the same selling points – because of this, you don't know who to listen to! As the war for talent becomes more intense,

employers will need to be better at differentiating themselves. To understand what it means, why it's important and to get an understanding of how it can be done the following research study is carried out among the potential employees of some proud employers in various sectors.

Product branding helps the companies to develop a lasting image in the minds of the consumer, so that customers start to automatically associate a required image or quality with any product or service. Companies do the same in employer branding in that it creates an image that makes people want to work for the firm because it is a well managed firm where workers are continually learning, growing and becoming part of the companies culture. Employer branding may be a new terminology for many companies, yet it is becoming more and more important to organizations since maintaining and building a strong internal and external brand is an important factor in retaining loyalty, motivation and driving performance. One part of employer branding is the process of placing an image of being a great place to work in the minds of the candidates..

It is not very rare that companies just have mission and vision statements hanging on the wall without any of the employees paying real attention to these values. People always want to feel like they "fit in". Branding a company like branding a product gives the employer the advantage to gain and retain the ones that really "fit in" into the organization. Employer branding has similarities with product branding. It also has a personality and positioning so the overall value can be defined as employer branding equity. (*Ash Kuşçu, Elif Yolbulan Okan, 2010*)

EMPLOYER BRAND POSITIONING:

About 70% of all companies in Germany complain about the insufficiency of talent on the German job market, mainly the lack of management personnel and young professionals in the technical area. 46% of all employers found out that that the brand awareness is too low to differentiate from the competition. (30%) For this reason an increasing amount of companies are using various strategies to create an employer brand. According to the study "Employer attractivity - employer branding and talent supply 2010" of the HR consulting company Hewitt Associates every second company works with a "employer branding budget". 76% of the questioned companies increased this budget comparing to 2008. However budgets vary between

20.000 Euro to 300.000 Euro. This compels the need for positioning the employer brand in order to attract right talent.

On the one side, the employer can be seen as a brand with which the employee develops a closer relationship (Ambler and Barrow, 1996). Employer brand differentiation for a company means finding its own sweet spot that's distinctive in comparison to its recruitment competitors, i.e. an optimal positioning that makes the employer an employer-of-choice among their target group. It involves finding a focus and not saying too much. In the war for talent and in an environment cluttered and saturated by information, communicating a clear, distinctive and consistent message becomes increasingly important – it's what makes an employer stand-out, be understood and be remembered. Moreover, finding the optimal positioning allows the employer to attract candidates with a good cultural fit and filter out applicants who may not be suitable. Via quantitative research, the employer can identify the drivers and attributes of the brand that positively affects its target group's preference of employer. The employer can then define an Employer Value Proposition, if not done already, or make adjustments to its current EVP to build appeal. The EVP is the distinctive offering, the reason why employees want to work for a particular company instead of a competitor. Our study takes into account only the external perception of organizations. It is then, of course, need to consider the internal perception and the organization's core values to define a truly differentiated employer brand.

On a very general level, we can see that career-seekers have common desires. However, when we start to segment them according to their gender, field of study, career plans, preferred job function, etc. we see that they have in fact different needs and wants. From an employer branding perspective, one should dare to be different – one definitely doesn't want to appeal to everybody. Opposites don't attract! Companies need a diversity of people and skills, but they'll want everyone to share your corporate values and vision.

One major advantage of employer brand positioning through perceptual mapping is that companies can visualize their own position and what students want from an employer. This can then be compared its competitors, as well as with the industry as a whole. Thus, employers can more easily determine their desired brand position. They can show – and explain to their managers – that if they reposition their employer brand, the pool of potential candidates will

increase. In short, this new approach will illustrate the value of the employer branding work that companies do.

This paper begins by giving an overview of IT industry in India. The next section presents the literature review; methodology used is elaborated. Discussion and Implications of the approach are then considered, limitations noted and future research direction outlined.

LITERATURE REVIEW:

EMPLOYER BRANDING:

Employer branding is defined as “a targeted, long term strategy to manage the awareness and perceptions of current employees, potential employees, and related stakeholders with regards to a particular firm. It suggests the differentiation of a firm’s characteristics as an employer from those of its competitors.(Minchington, B. & Estis, R. (2009)) also define the employer brand as the image of your organization as a great place to work in the minds of current employees and key stakeholders in the external market. Employer branding, or employer brand management, involves internally and externally promoting a clear view of what makes a firm different and desirable as an employer. It is the image presented to an organization’s customers and other stakeholders through its employees. Although firms commonly focus their branding efforts toward developing product and corporate brands, branding can also be used in the area of human resource management. The employer brand puts forth an image showing the organization as a good place to work.

Employer branding has been described as the ‘sum of a company’s efforts to communicate to existing and prospective staff that it is a desirable place to work’ (Lloyd 2002). Advertising may become a critical tool in the efforts that firms make to identify, acquire and retain skilled employees. Increasingly, it is likely to also be used to create what has in the popular business press recently been referred to as ‘employment brands’ (Sherry 2000) – building and sustaining employment propositions that are compelling and different.

The moniker 'employer brand' appears to have first been coined by Ambler and Barrow (1996), who defined it as 'the package of functional, economic and psychological benefits provided by employment, and identified with the employing company' (p. 187). The authors go on to suggest that, just like a traditional brand, 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 'great place to work' (Ewing *et al.* 2002). The effects of a brand are often referred to as its equity. The concept of brand equity provides a complementary theoretical perspective for understanding employer branding. In marketing terms, brand equity is "a set of brand assets and liabilities linked to a brand that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Customer based brand equity relates to the effect of brand knowledge on consumer response to the marketing of the product. In terms of employer branding, brand equity contributes to the effect of brand knowledge on potential and current employees of the firm. Employer branding enables employees to stay with, and support the company for a longer time which enables the employees to have the ability to help build strong and enduring brand equity, which is the desired outcome of employer branding activities.

Moreover, it is posited that companies with strong employer brands can potentially reduce the cost of employee acquisition, improve employee relations, increase employee retention and even offer lower salaries for comparable staff to firms with weaker employer brands (Ritson 2002).

Collins and Stevens (2002), confirming prior research, suggest that early recruitment activities are indirectly related to intentions and decisions through two dimensions of employer brand image: general attitudes towards the company and perceived job attributes. Examples of employer brands, and indeed employer advertising, are becoming increasingly common.

Ewing *et al.* (2002) classify existing approaches to employment branding by identifying three basic types of employment advertising strategy, and provide numerous examples of each.

Moroko & Uncles examined the perceived characteristics of successful employer brands. Their results appear to be consistent with the branding literature. A successful employer brand should

be known and noticeable, referring to brand awareness; relevant and resonant, referring to have a value proposition that is relevant to and resonant with their perspective and current employees; and finally be differentiated; referring to be unique.

According to Backhaus, K. & Tikoo , employer branding is essentially a three-step process. First, a firm develops a concept of the particular value it offers to prospective and current employees. This value proposition provides the central message that is conveyed by the employer brand. It is of key importance that this value proposition derives from a thorough audit of the characteristics that make the firm a great place to work. The second step is to externally market this value proposition to attract the targeted applicant population. The third step involves carrying the brand promise made to recruits into the firm and incorporating it as part of the organizational culture.

Sullivan defines eight elements of employer branding. According to him being a culture of sharing and continuous improvement; having a balance between good management and high productivity; obtaining public recognition; employees proactively telling stories; getting talked about; becoming a benchmark firm; increasing candidate awareness of best practices; and branding assessment metrics are the core elements for a successful employer branding.

EMPLOYER ATTRACTIVENESS:

A closely related concept to ‘employer branding’ is the notion of ‘employer attractiveness’. ‘Employer attractiveness’ is defined as *the envisioned benefits that a potential employee sees in working for a specific organisation*. The construct may be thought of as an antecedent of the more general concept of employer brand equity. In other words, the more attractive an employer is perceived to be by potential employees, the stronger that particular organisation’s employer brand equity. (Berthon; Ewing & Hah, 2005) The authors suggested a way to both identify and operationalize the components of employer attractiveness from the perspective of potential employees. The five factors are: interest value, social value, economic value, development value, and application value. Interest value assesses the extent to which an individual is attracted to an employer that provides an exciting work environment, supports employee’s creativity and produces high quality, innovative products. The social value assesses the extent to which a person is attracted to an employer that provides a fun, happy team atmosphere. The third factor, economic value, measures the extent to which a person is attracted

to economic standards. Development value assesses the extent to which an individual is attracted to an employer that provides recognition, confidence and a career-enhancing experience. The last factor, application value, measures the extent of attractiveness to an employer that is customer oriented and provides opportunities to apply what is learned.

METHODOLOGY:

Research objectives

The objective of this study aims at assessing the latent use of perceptual maps for employer brand positioning of leading Indian companies from the view of potential employees sector – wise. Hence, based on the identification of attributes such as interest value, social value, economic value, developmental value and application value specific to every employer our study aspires at evaluating how the employers are positioned in the minds of potential employees based on these attributes or values.

Participants

Three hundred and fifteen (n = 315) students enrolled in various courses like M.Tech, B.Tech, M.E, B.E & MBA at prime institutions around the study area participated in the study. As various sectors were to be analyzed, sample was taken from diversified courses. Institutions were chosen based on their number of potential placement providers so that their students might have a sound knowledge of the employers they were asked to rank.

Procedure

A questionnaire was administered to the students of various disciplines. Participation to the study was on a voluntary and anonymous basis. Participants were required to evaluate the five potential employers under each sector using the sixteen attributes elaborated from the five values (interest value, social value, economic value, developmental value and application value) given by Berthon et al., (2005) using a five point Likert scale (1 = Strongly disagree; 5 = Strongly agree). Employers were depicted in the questionnaire through the use of their business name itself. The students were also notified to particularly pay attention to the meaning of each criterion while carrying out their evaluations. Finally, students were also instructed to evaluate

the employers with the viewpoint of occupying, after graduation, a staff position with each of them.

Descriptives

Cluster 1

Most of the potential candidates in cluster 1 belong to age group of 21 -23 and were male who study are B.Tech and engineering graduates with a CGPA of 6 – 8.99 and most of them are in a plan to go for work after the completion of their course and a few have an idea of doing higher studies before joining in work. They have attended at least one of the campus interviews. Most of their parents are laborers and earn an average monthly income of less than 30000rs. Most of the candidates wants to work within India and expects an average pay of more than rs30000 to 40000 per month and prefer job in the area of engineering and R&D.

Cluster 2

Most of the potential candidates in cluster 1 belong to age group of 21 -23 and were male who study M.Tech with a CGPA of 6 – 8.99 and most of them are in a plan to go for work after the completion of their course and a few have an idea of start working, but would consider joining a master's programme in the future. They have not attended any of the campus interviews. Most of their parents are businessmen and Professionals and earn an average monthly income of less than 30000rs. Most candidates wants to work within India and expects an average pay of more than rs50000 and above per month and prefer job in the area engineering and R&D.

Perceptual Mapping:

Based on the awareness of the sectors, mapping was done. The Maps shows the perceptual differences of the students towards various employers selected for the study.

The perceptual map generated by MDS is illustrated in Figure 1. The percentage of variance explained by each attribute can be used to interpret the two dimensions. The larger the proportion of an attribute in a dimension, the more essential that attribute is in determining the meaning of that dimension.

POSITIONING OF THE AUTOMOBILE COMPANIES

Cluster 1: Automobile sector Aspirants

The interpretation of this plot depends on how good a representation it is of the actual dissimilarities, i.e., how low the stress value is. Stress values lesser than 0.2 and ideally 0.1 indicates that there is greater fit between dissimilarities and inter object distances.

In this case, Since the Kruskal's stress value is less than 0.1, the configurations are considered to be reliable and hence can be interpreted.

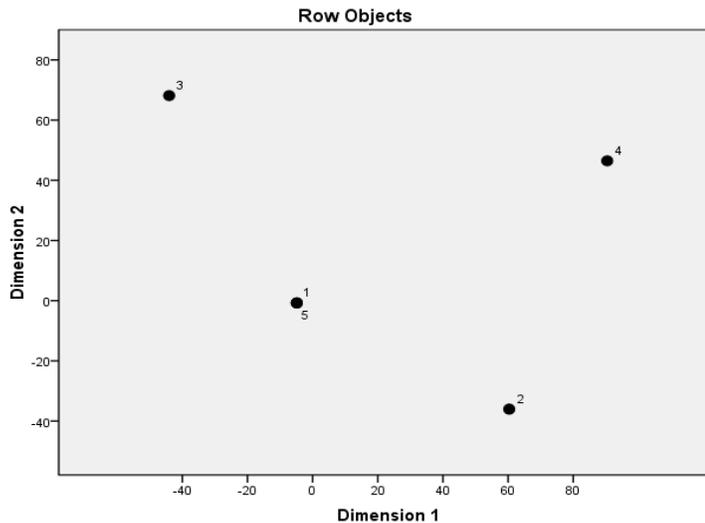


Figure 1

The Maps show the perceptual differences of the students towards various employers selected for the study. The perceptual map generated by MDS is illustrated in Figure 1. The percentage of variance explained by each attribute can be used to interpret the two dimensions. The larger the proportion of an attribute in a dimension, the more essential that attribute is in determining the meaning of that dimension.

The results of the multidimensional scaling/perceptual map show that respondents think of the companies largely on these two dimensions:

- (i) Dimension 1: self-worth (v12) (*left*) & Team atmosphere (v6) (*right*)
- (ii) Dimension 2: Apply what learned (v15) (*bottom*) & Recognition (v11) (*top*)

The correlation table w.r.t the dimensions are provided below.

As far as dimension 1 is concerned,

Ashok Leyland ranks highest in team atmosphere followed by Mahindra.

Tata and Bajaj are perceived to be high in providing self worth to the employees.

Maruti is perceived to be very low in team atmosphere and high in self worth.

As far as dimension 2 is concerned,

The companies which are perceived to be high in giving opportunity to apply what they have learnt are Mahindra, Tata, Bajaj, AshokLeyland, Mauruti in decreasing order.

When Recognition is concerned, the company which is found to be very closely related with this attribute is Maruti and farthest from this attribute is Mahindra.

Cluster 2: Automobile sector Non-Aspirants

In this case, Since the Kruskal's stress value is less than 0.1, the configurations are considered to be reliable and hence can be interpreted.

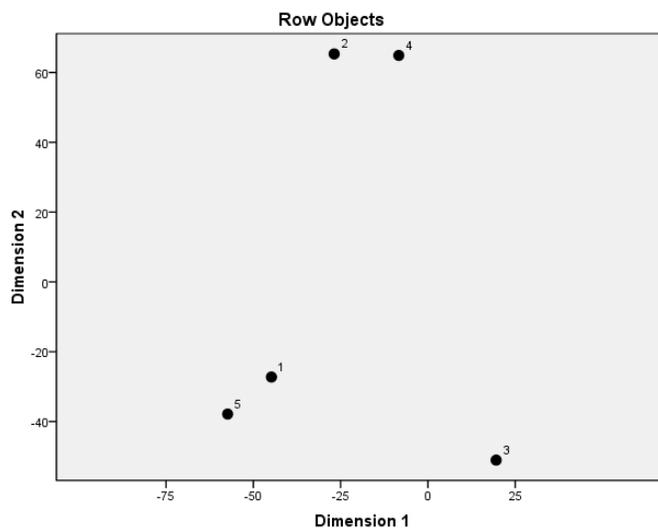


Figure 2

The Maps shows the perceptual differences of the students towards various employers selected for the study. The perceptual map generated by MDS is illustrated in Figure 2. The percentage of variance explained by each attribute can be used to interpret the two dimensions. The larger the proportion of an attribute in a dimension, the more essential that attribute is in determining the meaning of that dimension.

The results of the multidimensional scaling/perceptual map show that respondents think of the companies largely on these two dimensions:

- (i) Dimension 1: Career Opportunities (v14) (*left*) & Compensation package (v8) (*right*)

- (ii) Dimension 2: Teach others (v16) (*bottom*) & Happy working environment (v4) (*top*)

The correlation table w.r.t the dimensions are provided below.

In providing good career opportunities, Bajaj stands first followed by Ashok Leyland and Maruti is perceived to be going good in providing compensation package.

Bajaj and Tata are provides opportunity to teach others but Mahindra and Ashok Leyland seems to be poor in that but then they are good in providing a happy working environment.

RESULTS & DISCUSSION:

Student Profile: Most of the students belong to the age group of 21 to 23 and were almost male participants. They belong to the top institutions surrounding Tiruchirapalli namely NIT, IIM, SASTRA and BIM which offer high placements. The sample was dispersed among the students of M.Tech, B.Tech, BE, ME and MBA. Most of them occupied B.Tech under various specializations and were top performing students whose CGPA ranged from 6 – 8.99. More than half percentage of the sample was in a plan to go for work after completion of their degree and they have a good knowledge of the companies for answering the survey as they have attended at least two campus interviews. They expect a very good salary of above 50000 and it was found that people prefer job function based on their area of study like engineering graduates preferring to be engineers, graduates specializing computer science preferring to be IT developers or project managers and business students preferring top/middle managerial positions, consulting, marketing, PR jobs so on.

IMPLICATIONS:

The study has some interesting strategic implications. We can see how closely the competitors are clustered within certain industries, and to deal with this employers have two options. Either, you can embrace the similarities and aim to be the best in the industry. While embracing similarities, they are associated with exactly the same things as other companies in their industries, and even more strongly so! If a candidate is interested in that particular sector, they will automatically consider these companies. The other option is to break away from the pack, focusing on attributes that will differentiate an employer from the typical player in the industry.

This approach is more difficult, but can work extremely. There is a great potential for using this approach to understand who the employers really want to attract. By mapping the high performing employees, and creating a heat map of their preferences, employers can understand how to position their brand to attract more of the same.

LIMITATIONS OF THE STUDY:

The study has taken attributes from Berthon, Ewing & Hah, (2005) for getting perceptions about various companies and there could still be some more attributes which is yet to be explored. The companies/employers though selected carefully through investigating various sources, we could not assure that all the employers are known by the students. Some of them knew at least one of the employers better than the others. It may therefore be difficult for a student (or even a future employee) to accurately evaluate an employer he does not know or knows very little.

CONCLUSION:

The study focussed only the potential applicants' perceptions. Yet, there is another side, the perceptions of existing employees which is uncharted. A longitudinal study might help to figure out whether or how far the perceptions of these potential applicants change after entering the real job scenario. As stated by, (Barrow & Mosley,2005), the purpose of brand positioning statements is to define what your brand currently stands for in the hearts and minds of your target audiences (the brand reality) and what you would like your brand to stand for in the future (the brand vision). The study could be further extended to check whether there is brand integration with the brand reality and the brand vision.

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