

## 2 Theoretical Background and Literature Review

### 2.1 Core Concepts of Employer Branding

Employer branding is a relatively new field in research and management. Scientific literature on the topic is still scarce whereas quite a few management handbooks have evolved in recent years (cf. Backhaus & Tikoo, 2004; Edwards, 2010; Sutherland et al., 2002). Employer branding and its related concepts, such as employer attractiveness, are characterized by a lack of structure and some confusion with regard to definitions and termini (Sponheuer, 2009). One reason is the plurality of research fields involved, including the different perspectives from which the topic is being approached. The research streams of organizational identity, corporate reputation, organizational image, corporate culture, corporate branding and corporate communications provide a lot of related concepts and definitions which are relevant to employer branding (Balmer & Greyser, 2003, 2006). Especially corporate reputation and organizational image have to be considered when approaching the topics of employer branding and employer attractiveness. These concepts will therefore be discussed in more detail in Sections 2.1.1 and 2.1.2. To complete the discussion of the core concepts of employer branding, functions and objectives will be outlined in Sections 2.1.3 and 2.1.4 respectively. Before turning to each concept in detail, the development and definitional background of employer branding as well as the integration into the organizational architecture should be outlined at this point.

The authors Ambler and Barrow (1996) claim having been the first to unite the disciplines of HR-management and brand management in order to create a conceptual framework which they call the 'employer brand'.<sup>3</sup> They describe it as "[...] the package of functional, economic and psychological benefits provided by employment, and identified with the employing company" (Ambler & Barrow, 1996, p.187). Barrow also claims having written the first book on employer branding, in which he and his co-author describe the development of the concept (Barrow & Mosley, 2005). While the employer brand can be regarded as the final outcome of all brand-related activities, employer branding can be described as the process to reach this outcome. Thus, employer branding includes all decisions concerning the planning, creation, management and controlling of employer brands and the corresponding activities to positively influence the employer preferences of the desired target groups (Petkovic, 2009). In a conceptual paper, Backhaus and Tikoo (2004, p. 502) summarize em-

---

<sup>3</sup> Other authors respectively use the term 'employment brand' (e.g., Ewing et al., 2002).

ployer branding as “[...] the process of building an identifiable and unique employer identity” and the employer brand as “[...] a concept of the firm that differentiates it from its competitors.” Despite various definitions and differing approaches to employer branding, there is common agreement on the fact that employer branding includes selected concepts from brand management which are transferred to HR management and recruitment (Backhaus & Tikoo, 2004; Cable & Turban, 2003). According to Branham (2000, p.18), employer branding is “applying traditional marketing principles to achieving the status of Employer of Choice<sup>4</sup> [...], the process of placing an image of being a great place to work in the mind of the targeted candidate pool.” This image of being a great place to work is generally referred to as employer image.<sup>5</sup> The term is often used interchangeably with the concept of employer attractiveness in scientific and practitioner literature. Therefore, both terms will be discussed in more detail in the next section.

From an organizational architecture point of view, employer branding is generally situated between marketing and HR management. Ideally, both functions should cooperate in the development and implementation of an employer branding strategy (Edwards, 2010). When classifying HR management according to levels into strategic, tactical and operational management, employer branding can be attributed to the category of strategic HR management, since it is focused on the strategic goals of the company as a whole. In comparison, tactical elements are focused on groups of employees and jobs while operational elements are aimed at single employees and jobs (Sponheuer, 2009). The concept of personnel marketing, which is often mistakenly used interchangeably with employer branding, is located at the tactical level since it involves the implementation of general measures to attract the target group of future employees and motivate the target group of current employees (Krauss, 2002; Sponheuer, 2009).

---

<sup>4</sup> Sutherland et al. (2002, p. 14) define employers of choice as “[...] those organizations that outperform their competition to attract, develop, and retain people with business-required talent. [...] An employer of choice is therefore an organization which top talent aspires to work for as a result of its reputation and employer brand message, both of which are tailored to appeal to the target audience.”

<sup>5</sup> Some authors also refer to the term as ‘employer *brand* image’ (e.g., von Walter et al., 2009), others speak of ‘recruitment image’ or ‘(company) employment image’ (Highhouse et al., 1999; Lemmink et al., 2003). With regard to the term ‘image’ itself, there is no generally accepted single definition in the academic literature. The conceptualization of ‘image’ strongly depends on the relevant research problem (Lemmink et al., 2003). In the context of this thesis, image will be treated against the backdrop of organizational and employer attractiveness and will be defined respectively.

### 2.1.1 Employer Attractiveness and Related Concepts

Berthon et al. (2005, p. 156) define employer attractiveness as “the envisioned benefits that a potential employee sees in working for a specific organization”, regarding it as an antecedent of the more general concept of employer brand equity.<sup>6</sup> By including the term ‘benefits’ the author refers to the benefit-oriented view of the employer brand, which will be discussed in detail in Chapter 3.2.1, in view of different measurement approaches of employer attractiveness. In addition, employer attractiveness is often described in relation to the concept of organizational attractiveness, since initial application decisions are often strongly based on general impressions of organizational attractiveness, due to the fact that applicants only have a very small amount of information about an employer early in their decision process (Rynes, 1991). Therefore, they use the perceived image of the organization to decide whether it might be attractive as an employer. The topic of organizational attractiveness has been approached by different research streams, such as applied psychology (Collins & Stevens, 2002; Jurgensen, 1978), vocational behavior (Soutar & Clarke, 1983), management (Gatewood et al., 1993), marketing (Ambler, 2000; Ambler & Barrow, 1996; Ewing, Pitt, de Bussy, & Berthon, 2002; Gilly & Wolfenbarger, 1998) and communication (Bergstrom, Blumenthal, & Crothers, 2002).

The term employer image is used in a very similar way as employer attractiveness and can be explained by turning to brand equity theory. Customer-based brand equity research (Aaker, 1991; Keller, 1993) indicates that creating a unique, favorable brand image in consumers’ minds might help to increase the likelihood that a company’s products or services will be chosen over similar ones from other companies. Thus, brand equity refers to individual beliefs about product or service brands that affect preferences and purchasing decisions. It can influence consumers’ decision-making by creating points of differentiation and reasons to prefer the brand over its competitors, as well as generating positive affect towards the branded product or service. As a result, chances might increase that the branded product or service will be in the considered set for an upcoming purchase (Aaker, 1991; Keller, 1998). By using the brand equity approach in a study on early recruitment-related activities, Collins and Stevens (2002) confirm that the customer-based brand equity concept can be adapted to the recruitment context in order to better understand application

---

<sup>6</sup> Employer brand equity is based on the concept of customer-based brand equity (Aaker, 1991) and will be further discussed in the course of this chapter. Ewing et al. (2002, p. 14 f.) define employer brand equity as “a set of employment brand assets and liabilities linked to an employment brand, its name and symbol that add to (or subtract from) the value provided by an organization to that organization’s employees.”

decisions of highly skilled but inexperienced job seekers in a tight labor market. They propose that application decisions are affected by employer brand image, which they define as “[...] potential applicants’ attitudes and perceived attributes about the job or organization” (Collins & Stevens, 2002, p. 1122). Attitudes refer to general affective responses associated with the brand, whereas attributes refer to beliefs about specific features which are relevant for the application decision. This definition is similar to definitions of organizational image in the recruitment literature, since the latter has also been described as both general reactions towards a company (Gatewood et al., 1993) and beliefs about a specific set of attributes of an organization (Belt & Paolillo, 1982). In the employer branding context, attitudes and attributes have also been expressed as brand associations: Backhaus and Tikoo (2004) propose that employer brand associations affect employer image and that employer image mediates the relationship between employer brand associations and employer attractiveness. Several other studies point out the strong influence of employer image on perceived employer attractiveness and application intentions (Chapman et al., 2005; Gatewood et al., 1993; Knox & Freeman, 2006; Lemmink et al., 2003; Lievens et al., 2005; Slaughter et al., 2004; Turban, 2001).

A central question is the one of which framework to use in order to depict employer attractiveness attributes and brand associations. Most of the current employer branding research is based on the instrumental-symbolic<sup>7</sup> framework, which is taken from brand management literature (e.g., Backhaus & Tikoo, 2004; Lievens & Highhouse, 2003; Lievens, van Hove, & Anseel, 2007; Martin & Hetrick, 2009). Park et al. (1986) divide brands into three categories according to the consumer needs they fulfill: functional needs, symbolic needs and experiential needs. Functional or so-called instrumental brand benefits describe the objective, tangible and physical attributes of a product. According to Katz (1960), instrumental attributes are linked to people’s need to maximize rewards and minimize punishments. Hence, instrumental attributes help consumers to maximize benefits and minimize costs (Lievens & Highhouse, 2003). Symbolic benefits relate to the subjective, abstract and intangible attributes and are linked to people’s need to maintain their self-identity, to express themselves, or to enhance their self-image (Aaker, 1997, 1999; Katz, 1960; Shavitt, 1990; Solomon, 1983). Experiential aspects describe the brand’s effect on sensory satisfaction or

---

<sup>7</sup> Instrumental attributes are also referred to as functional attributes (e.g., Ambler & Barrow, 1996; Park et al., 1986) or objective factors (e.g., Behling et al., 1968). Symbolic attributes are also referred to as emotional attributes (e.g., Sponheuer, 2009), psychological benefits (e.g., Ambler & Barrow, 1996) or subjective factors (e.g., Behling et al., 1968). In the following, the terms instrumental and symbolic will be used to describe the concepts.

cognitive stimulation (Lievens et al., 2007). Yet, the experiential dimension has not been transferred into the employer branding context since it is difficult to translate from a product perspective to the employment and organizational context, whereas the instrumental-symbolic categories are well suited. As mentioned in the beginning of Section 2.1, Ambler and Barrow (1996, p. 187) defined the employer brand as “the package of functional, economic and psychological benefits”, which is consistent with the instrumental-symbolic framework. In the employer branding context, instrumental attributes refer to the job or the organization in terms of objective and concrete attributes, such as salary or leave allowances, whereas symbolic attributes describe the subjective, intangible, and abstract aspects of an organization or job, and are often related to perceptions about the prestige of a firm (Backhaus & Tikoo, 2004; Lievens & Highhouse, 2003). In the organizational context, they convey symbolic company or job information via imagery and trait inferences assigned to the organization by current or potential employees (Lievens & Highhouse, 2003).

These trait inferences are often conceptualized through corporate or brand personality, since consumers tend to associate human traits with brands (Aaker, 1997; Davies, 2008; Davies, Chun, Da Silva, & Roper, 2002; Davies, Chun, Da Silva, & Roper, 2004; Lievens et al., 2001; Lievens & Highhouse, 2003; Slaughter et al., 2004). By applying the equivalent of a personality test on a brand, it is possible to obtain a holistic picture of a brand's associations (Davies, 2008). The Corporate Character Scale by Davies et al. (2004), for example, includes the dimensions of agreeableness, enterprise, chic, competence and ruthlessness. By applying the scale in a survey of 854 commercial managers, Davies (2008) found that perceived employer differentiation, employee loyalty, affinity and satisfaction were all predicted by some aspects of brand personality. Lievens et al. (2005) developed a scale for symbolic attributes in the recruitment context by adapting Aaker's (1997) original brand personality scale, including the dimensions of sincerity, excitement, competence, sophistication and ruggedness. This scale was reused in the study of Lievens et al. (2007), in which they confirmed that the instrumental-symbolic framework is a useful conceptualization of employer image among outsiders. Since employer image consists of employer brand associations, these associations can be divided into those concerning the functional or instrumental attributes of a brand and those relating to the symbolic attributes (Burmman, Schaefer, & Maloney, 2008).

**Table 1: Terms and Definitions**

<b>Term</b>	<b>Definition</b>	<b>Context/Relations</b>
Employer brand	Package of functional, economic and psychological benefits provided by employment, and identified with the employing company (Ambler & Barrow, 1996)	Final outcome of all brand-related activities
Employer branding	All decisions concerning the planning, creation, management and controlling of employer brands and the corresponding activities to positively influence the employer preferences of the desired target groups (Petkovic, 2009); Process of placing an image of being a great place to work in the mind of the targeted candidate pool (Branham, 2000)	Process to reach the desired outcome of being an attractive employer
Employer brand equity	Set of employment brand assets and liabilities linked to an employment brand, its name and symbol that add to (or subtract from) the value provided by an organization to that organization's employees (Ewing, Pitt, de Bussy & Berthon, 2002)	Influences the likelihood that a given employer will be chosen over a competitor due to its unique, favorable employer image that is conveyed through the employer brand; brand equity generates positive affect towards the branded organization
Employer image	Potential applicants' attitudes and perceived attributes about the job or organization (Collins & Stevens, 2002)	Associations towards the employing company that are conveyed through its employer brand, which can be further specified by means of instrumental and symbolic image facets/ attributes; unlike attractiveness attributes, image facets do not necessarily have to reflect favorable associations
Employer attractiveness	Envisioned benefits that a potential employee sees in working for a specific organization (Berthon, Ewing & Hah, 2005)	Antecedent of employer brand equity; influenced by employer image; the envisioned benefits can be conceptualized, just as employer image attributes, through instrumental and symbolic features, which have to convey favorable associations in order to contribute to attractiveness
Employer value proposition	Application of a customer value proposition – why should you buy my product or service – to the individual – why should a highly talented person work in my organization? It differs from one organization to another, has to be as distinctive as a fingerprint, and is tailored to the specific type of people the organization is trying to attract and retain (Sparrow & Cooper, 2003)	Aims at inducing positive brand associations and hence a favorable employer image; encompasses the most important employment benefits (instrumental attributes) as well as key organizational values (symbolic attributes), which reflect the organization's identity

In order to induce positive associations and hence a favorable employer image, employer branding involves the creation of a unique employer value proposition (EVP)<sup>8</sup>, which encompasses the employment advantages and benefits (instrumental attributes) as well as key organizational values (symbolic attributes) (Barrow & Mosley, 2005; Edwards, 2010; Knox, Maklan, & Thompson, 2000). Sparrow and Cooper (2003, p. 160) define the EVP as being “[...] a human resource management policy influenced very much by marketing thinking that cuts across the whole of the employment experience and applies to all individuals in the organization. It is the application of a customer value proposition – why should you buy my product or service – to the individual – why should a highly talented person work in my organization? It differs from one organization to another, has to be as distinctive as a fingerprint, and is tailored to the specific type of people the organization is trying to attract and retain.” By including key organizational values, the role of organizational identity for employer branding is being reinforced, since these values reflect important information about an organization's identity and summarize it for potential applicants (Edwards, 2010). To close this section, Table 1 summarizes and delineates the most important terms introduced in this part and describes their interrelations in the context of employer branding.

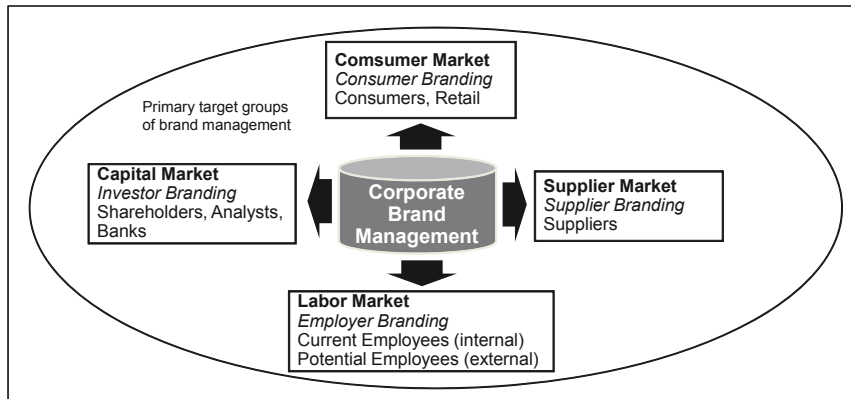
### 2.1.2 Employer Branding and Corporate Branding

With regard to a company's brand architecture, three brand levels can be distinguished: corporate brands, strategic business unit brands and product or service brands (Bierwirth, 2003; Keller, 1998; Strebinger, 2008). Corporate brands are of particular importance, since they are designed to support other brands within the brand portfolio, such as the employer brand, and to ensure a consistent brand presence (Burmman et al., 2008; Petkovic, 2008). In scientific discourse, it has become widely accepted that employer branding is a part of corporate branding, since the branded object of reference in the labor market is the corporation itself (Ewing et al., 2002; Kirchgeorg & Günther, 2006; Petkovic, 2008; Sponheuer, 2009).

Whereas employer branding is targeted at the needs and expectations of current employees (internal employer branding) and potential employees (external employer

---

<sup>8</sup> The employer value proposition is also referred to as 'employee value proposition' (e.g., Barrow & Mosley, 2005; Brewster et al., 2005; Ritz & Sinelli, 2010), 'unique organization value proposition' (e.g., Knox et al., 2000) or just 'value proposition' (e.g., Backhaus & Tikoo, 2004; Martin & Hetrick, 2009).



**Figure 2: Primary Target Groups of Corporate Brand Management.**  
Source: Adapted from Grobe, 2008, p. 127

branding) corporate branding needs to take into account all stakeholder<sup>9</sup> groups of a company, as depicted in Figure 2.

Taking into account these multiple stakeholder groups of a corporation, Riel (2001, p. 12) defines corporate branding as a “systematically planned and implemented process of creating and maintaining a favorable reputation<sup>10</sup> of the company with its constituent elements, by sending signals to stakeholders using the corporate brand.”<sup>11</sup> Sponheuer (2009) developed an integrated framework uniting employer branding and consumer branding under the umbrella of corporate branding. The objective of this framework is to overcome the two contradictory challenges of employer branding: On the one hand, the employer brand has to be specifically designed in order to fulfill the needs of the target groups in the labor market. On the other hand, the employer brand should be in line with the overall corporate brand and the consumer brand(s) in order to maintain a consistent brand image (Sponheuer, 2009). The employer brand of a company often cannot be separated from its product or service brands, since potential employees can be, for example, (potential) customers at the same time and receive various impressions of a company through the media as

<sup>9</sup> Stakeholders of a company are “any group or individual who can affect or is affected by the achievements of the organization’s objective” (Freeman, 1984, p. 46).

<sup>10</sup> The term ‘reputation’ will be discussed in more detail against the backdrop of corporate image in the course of this chapter.

<sup>11</sup> For overviews and further definitions of corporate branding or corporate brand management, see Bierwirth (2003), Fiedler & Kirchgeorg (2007), Giersch (2008), Ind (1997), Kranz (2004), Meffert & Bierwirth (2002), Riel (2001); Tomczak et al. (2001).



well as through interpersonal communication. It has to be taken into account that employees can be members of all other stakeholder groups of a company at the same time (Grobe, 2008). Targeting specific messages at employees and only employees is almost impossible, especially in the era of the internet and fast mobile communication (Ewing et al., 2002). Therefore, the employer brand should be designed to support and enhance the product or service brands (Backhaus & Tikoo, 2004; Forster, Erz, & Jenewein, 2009). The corporate brand should function as an integrative umbrella of a company's brands, representing the overall identity of a company and providing input for the strategic and operative implementation of the employer brand (Grobe, 2008; Schultz & Hatch, 2006; Sponheuer, 2009).

Just as the employer brand is closely linked to the corporate brand, so is employer image contingent upon corporate image, so that both images should not be discussed in isolation from each other (Petkovic, 2008). However, there is no agreement concerning the degree to which employer image depends on corporate image. Closely related to the term of corporate image is the concept of corporate reputation, which has been introduced in the context of employer attractiveness in the previous section. Research from the field of personnel psychology states that potential recruits are more likely to apply for a job at a company which has an existing positive reputation<sup>12</sup> (Edwards, 2010). Corporate reputation can be described as multidimensional construct and emerges from multiple constituents or stakeholder groups (e.g., employees, investors, customers, the general public) and their interaction with one another. Different stakeholders use various criteria to form an overall assessment of the firm (Flatt & Kowalczyk, 2008). Fombrun (1996, p. 72), a key contributor to research on corporate reputation, defines reputation as "[...] a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with leading rivals." In comparison with corporate image, reputation typically evolves over time as a result of a company's consistent performance, whereas the image can be influenced more quickly through communication programs (Gray & Balmer, 1998). In their review of literature on corporate image and corporate reputation, Gotsi and Wilson (2001) come to the conclusion that both concepts are dynamically related; however, corporate reputation implies a more conscious assessment of the characteristics and attributes of an organization. Profitability seems to be an important factor for causing job seekers' positive

---

<sup>12</sup> For a detailed discussion on reputation building and the role of reputation in corporate strategy see Fombrun & Shanley (1990) and Fombrun (1996). The reputation paradigm and the different schools of thought involved in the concept are discussed by Chun (2005).

perceptions of a company's reputation, as found by several researchers (Cable & Graham, 2000; McGuire, Sundgren, & Schneeweis, 1988; Preston & O'Bannon, 1997; Turban & Greening, 1996). Besides financial performance as a predictor of reputation, a positive evaluation of a company's social responsibility features, such as community and employee relations, environmental policies, product quality, and treatment of social minorities has been found to influence an employer's reputation (Turban & Greening, 1996). The importance of company reputation was asserted in a study by Cable and Turban (2003), who determined two additional key factors that predicted positive reputation perceptions: the degree of familiarity with the organization and external ratings of corporate reputation. The more positive an organization's reputation was perceived by potential employees, the more positive were their evaluations of job attributes and the more they expected to feel a sense of pride from working in the particular company. Other research confirms these findings, adding that general corporate advertising might be important in increasing employer attractiveness, especially when combined with recruitment advertising (Collins & Han, 2004; Collins & Stevens, 2002).

Besides the influence of corporate reputation on employer attractiveness, which is often analyzed in the Anglo-American literature, there are also studies on the influence of corporate image, mostly in the German context. Petkovic (2008) compares the 2004 results of a graduate survey and a corporate image survey,<sup>13</sup> finding that those companies with the best images are also more likely to be voted best employers by graduates. The author claims that due to the missing knowledge on employment details of a particular employer, the corporate image is transferred to equal the employer image. If employer image is affected by corporate image, other sub-images of the corporate image have to be considered when analyzing employer image. In particular, employer image can be affected by a) *industry image*, b) *location image* and c) *product image* of a company (Petkovic, 2008, p. 79 f.).

#### a) Industry image

Industry image can be defined as "a set of associations that is firmly anchored, condensed, and evaluated in the minds of people concerning a group of companies, which, from the point of view of an individual, supplies the same customer groups with the same technologies for the fulfillment of the same customer needs" (Burmahn et al., 2008, p. 159). Industry image might have a strong influence on individuals'

---

<sup>13</sup> The surveys are the German access Absolventenstudie 2004 and the Imageprofile 2004 by manager magazin.

International Employer Brand Management  
A Multilevel Analysis and Segmentation of Students'  
Preferences

Christiaans, L.

2013, XVIII, 265 p. 16 illus., Softcover

ISBN: 978-3-658-00455-2