

An Empirical Study of Employer Branding in Information Technology Companies

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ABSTRACT

The demand for qualified personnel is increasing faster than the offering. The competition in the market has intensified compelling companies to show an ever-increasing interest in the formulating strategies to differentiate amongst them. Strong demand for specific skills, in addition to tight marketing, is making it much more difficult to retain current employees and recruit new employees.

Employer Branding is called the 'hottest strategy in employment'. Employer brand is the image of the organization as a 'great place to work' in the mind of current employees and other key stakeholders in the external market. Focus on common images found externally and internally becomes imperative. In order to develop a strong employer brand, it is necessary to demonstrate what is specific about an organization and its culture. However, awareness of possibly existing differences and likeness in attitudes within certain groups would make the strategy work more efficiently.

The objective of the research paper is to examine the likenesses and differences between employer External and Internal Brand Images of three IT companies namely Infosys, TCS, and Wipro. The survey was based majorly on fifteen parameters that a prospective or a current employee always looks at for in an organisation. This includes competitive compensation, career or growth opportunity, financial strength, proper management and leadership style etc. It has been observed that the branding activities of TCS and Infosys have been rated better over that of Wipro.

Keywords: Branding, Internal Branding, External Branding, Employer Brand Management.

INTRODUCTION

Job market for employees, all around the globe experiences highs and lows. When it comes to exploring the possibilities of recruiting, companies, large and small adopt different strategies to tide over the situations. The demand for qualified working personnel is increasing faster than the offering, both in India and abroad. As competition in the market has intensified, companies have shown an ever-increasing interest in strategies to differentiate themselves. Strong demand for specific skills, in addition to ever-tight markets, is making it much more difficult, both to retain current employees and recruit new ones who fit the bill perfectly. "The hottest strategy in employment", in the words of Dr. Sullivan, is summarized through the concept of "Employer Branding".

Minchington (2005) defines employer brand as "the image of the organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is therefore concerned with the attraction, engagement and retention of initiatives targeted at enhancing the company's employer brand."

Employer branding is one of the few long-term solutions to offset the "shortage of talent". It has been observed that most employment strategies are short-term and "reactive" to job openings, while building an Employment Brand is a long-term solution designed to provide a steady flow of applicants. The Employer Brand concept is borrowed from marketing. It helps organizations focus on how they can identify themselves within their markets as an employer of current staff, as a potential employer to new recruits and as a supplier or partner to customers. Employer branding is a relatively new idea, but in practice some organizations have been making use of the idea implicitly for some time now.

Employer branding can improve an employee's job satisfaction when the employer's brand matches his or her personal values. Employer branding can also reduce the recruitment costs.

According to Figure 1, potential employees develop an employer brand image to form brand associations that are an outcome of a firm's employer branding.

Prospective employees also develop employer brand associations based on information sources that are not employer-controlled. Effective employer branding takes a proactive approach by identifying desired brand associations and then striving to develop these associations. As brand awareness heightens, consumers begin to develop positive identification with the brand. The more positive the brand is perceived to be, the more highly identified the consumer becomes with the product. The ability to use a brand to convey symbolic benefits to prospective employees makes employer branding especially useful. Much of the strength of branding lies within the power of the symbolism of the brand. A brand can convey meaning beyond tangible benefits, Hirschman, E.C. (1980). The branding activity can be extended to all the sectors, including the Information Technology sector.

Information Technology is an important indicator to gauge a country's economic growth and India is no exception. Therefore, organizations, financial bodies and media houses conduct surveys time and again to arrive at revenue structure of reputed IT companies of India.

As per the survey of the year 2010, the Top 10 IT companies are as given in the Figure 2. This research identifies the top three IT companies in India - Infosys, TCS, and Wipro (based on Market Capitalization).

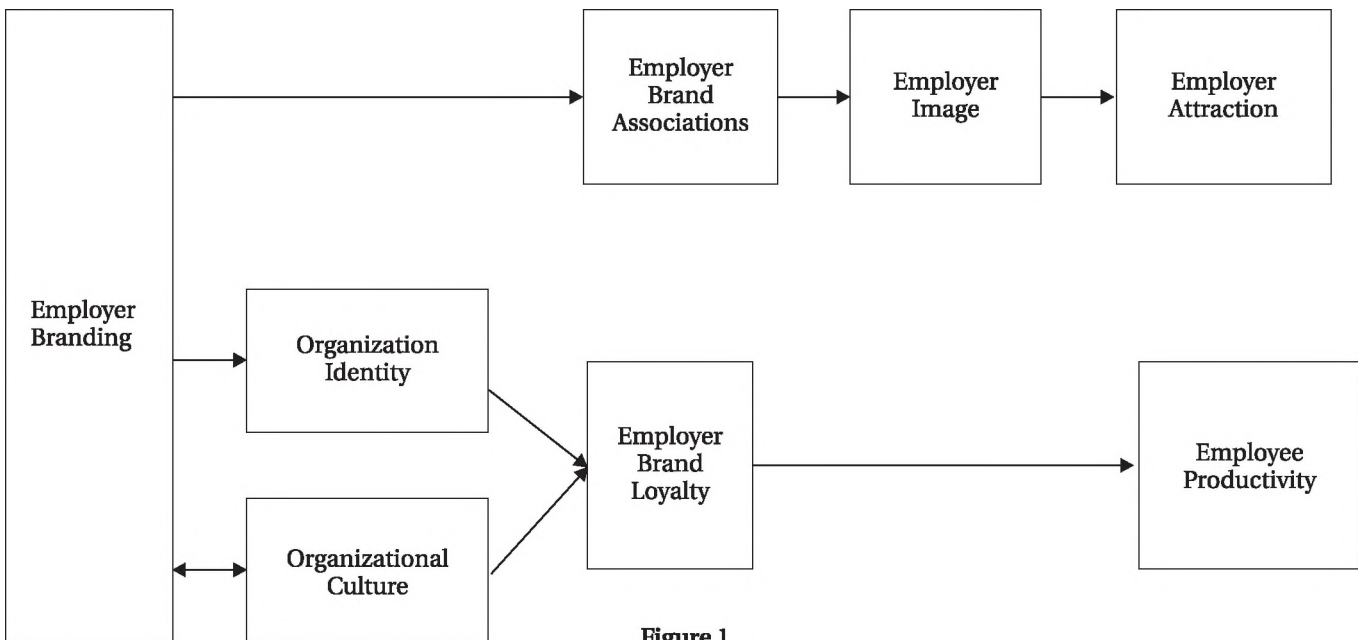
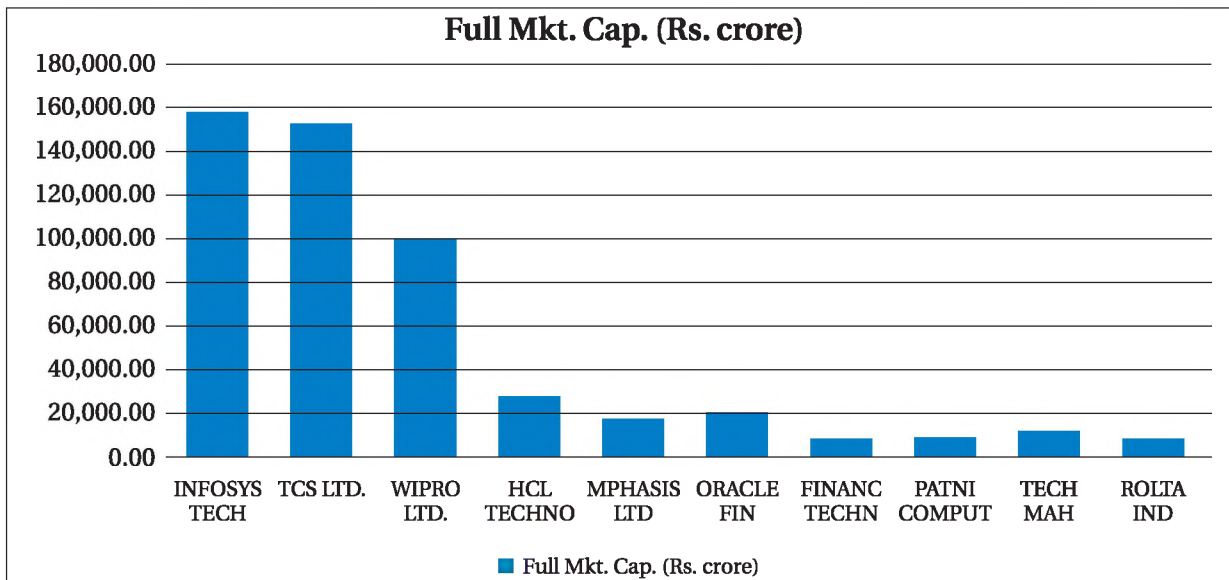


Figure 1

Top 10 Most Valuable Technology Companies in India



Source: India Business Blog, Trak. in, June 2010

Figure 2

IT sector in India is one of the most growing sectors. Companies like Wipro, Infosys, and TCS have made a huge contribution in providing services globally. It is one of the sector which hires people in large numbers. Huge Competition in the IT market is providing impetus to the concept of EMPLOYER BRANDING as companies try to attract the maximum talent and retain them for a maximum period. Their long term association affects the success of companies.



LITERATURE REVIEW

The three fundamental forces behind the war for talent are: The irreversible shift from the industrial age to the information age, demand for high calibre talent, and growing propensity of people to switch from one job to another. At this juncture, the relevance of 'employer branding' in recruiting, increases. Levering (1996) has opined that a good workplace is believed to produce higher quality products, support more innovation, have the ability to attract more talented people, experience less resistance to change and incur lower turnover costs, all of which translate directly into a better bottom line

The concept of 'employer brand' has become an important development since the early 1990s. Simon Barrow is considered to be the creator of the term 'employer brand'. Ambler, T. and Barrow, S. (1996), defines the employer brand in terms of benefits, calling it "the package of functional, economic and psychological benefits provided by employment, and identified with the employing company." In addition they state that besides helping create a workforce that is hard to duplicate, internal marketing also contributes to employee retention.

Organizational relationship provides a second foundation for employer branding. Hendry, C. and Jenkins, R. (1997) feel that in the traditional concept of the psychological contract

between workers and employers, workers promised loyalty to the firm in exchange for job security. Baruch, Y. (2004) however observed that the recent trend toward downsizing, outsourcing, and flexibility on the part of the employer has imposed a new form of psychological contract, in which employers provide workers with marketable skills through training and development in return for effort and flexibility. Sullivan (1999) supposes it to be 'the hottest strategy in employment' and also states that it is fundamental to employer branding that the employer brand be consistent with all other branding efforts of the firm. Peters, T. (1999) purports that branding was originally used to differentiate tangible products, but over the years it has been applied to differentiating people, places and firms. Priem, R.L. and Butler, J.E. (2001) opine that we commonly think of plant, equipment and capital as resources that create competitive advantage, human capital has also been shown to operate as an important resource creating competitive advantage.

Employer brand equity also propels potential applicants to apply. According to Sutherland, Torricelli, & Karg (2002), skilled employees are hard to attract and difficult to retain and they have become critical to business success. The employer branding is used for corporate identity, building reputation and communicating its image to current and potential employees. Luthans and Peterson (2002) have found that employees who are engaged in their organization with satisfaction, demonstrate good performance and achieve success.

In the face of negative perceptions of a new employment reality, firms use employer branding to advertise the benefits they still offer, including training, career opportunities, personal growth and development. In general, firms have been perceived to fail to deliver some of these offerings, so employer branding campaigns are designed to change perceptions of the prospective employees towards the firm. In

terms of employer branding, brand equity applies to the effect of brand knowledge on the potential and existing employees of the firm.

The Employer Branding Survey (2006) by Hewitt Associates and Accor Services covered 105 IT/ITES organizations. The study emphasized that there is a need for employer brand even when a strong and organization/customer brand exists. 85% of surveyed managers feel that employer branding would become more important in future. Three employer brands of the country were Infosys, Tata Consultancy Services, WIPRO. Top 3 aspects of employer branding (What employers feel) were: Company's Success and Reputation in the market, Career progression and Compensation while in the top 3 aspects of (what employees feel) were:- Compensation, Career progress and Nature of work. Dawn and Biswas (2010) state that a successful employer branding strategy can have a far reaching impact in increasing the number and quality of applicants.



OBJECTIVES OF THE STUDY

- To identify the factors affecting employer branding in select IT companies.
- To compare and contrast the student perception and employer perspectives of branding strategies adopted by select IT companies.



RESEARCH HYPOTHESES

The following hypotheses have been framed and tested:

H₁: There is a significant difference in student perception and employee perspective of TCS.

H₂: There is a significant difference in student perception and employee perspective of Wipro.

H₃: There is a significant difference in student perception and employee perspective of Infosys.



RESEARCH DESIGN

A structured questionnaire was designed to collect the data. Different factors were identified through literature review and exploratory study. Questionnaires were prepared for students and employees of the company. Validity of the questionnaires was checked through face validity method and was found to be high. Items were rated on Likert scale of five points which is the most popular choice for ordinal scale. The opinion indicated as 'highly satisfied' has been assigned a weight of 5. Both of the questionnaires were pre-tested on a sample of 30 each and then reliability test was carried out using SPSS 17.0. The Cronbach's Alpha for students (for 15 items) was 0.799 while for the employees it was 0.964.



SAMPLING AND DATA COLLECTION

The study was conducted in Delhi-NCR region. A data of 50 employees from each company, through convenience sampling was collected. A sample of 50 students each who chose either TCS/Wipro/Infosys as their most preferred prospective employer was collected. The responses were collected through structured questionnaire via personal interviews. The effective sample size in both the categories turned out to be 150 each.



DATA ANALYSIS AND RESULTS

Mann -Whitney test (for independent samples) has been applied to test the difference between student's perception and employee's perspective toward their respective company's as five point Likert's rating scale has been employed to measure all the factors.

Table 1
Comparative Factor Wise Analysis of Student and Employee's (For Infosys)

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
Balance between personal life and career	1234.000	2509.000	-.114	0.907
A good reference for your future career	920.500	2195.500	-2.397	0.017
Flexible working hours	728.000	2003.000	-3.739	0.000
Quality of Work	1081.500	2356.500	-1.238	0.216
Strong clear company culture	1237.500	2512.500	-.091	0.928
International career opportunities	824.500	2099.500	-3.013	0.003
Competitive Compensation	1060.000	2335.000	-1.358	0.174
Possibility of enhancement and promotion	1081.500	2356.500	-1.210	0.226
Secure employment	11232.500	2507.500	-.127	0.899
Challenging work opportunities	928.000	2203.000	-2.311	0.021
Good leadership and management	793.000	2068.000	-3.292	0.001
Financial strength	714.500	1989.500	-3.817	0.000
Good ethics and high morale	1130.500	2405.500	-.867	0.386
Exciting products and services	1098.500	2473.500	-1.086	0.277
Corporate social responsibility	1039.000	2314.000	-1.519	0.129

Grouping Variable: Employee's of Infosys and Students identifying Infosys as prospective employer.

Table 1 shows a comparative analysis of student perception and employee perspective of Infosys on respective issues. It describes that student perception and employee perspective differs on “a good reference for your future career, Flexible working hours, International career opportunities, Challenging work opportunities, Good leadership and management and financial strength”. Further it has been observed that the employee perspective regarding flexible working is more favourable in comparison to students

perception. The other parameters of difference -“a good reference for your future career, International career opportunities, Challenging work opportunities, Good leadership and management and financial strength” have shown a favourable trend of the students' perception over employees' perspective.

Table 2 shows that over all there is no significant difference between student perception and employee's perspective of Infosys.

Table 2
Independent Samples Test (For Infosys)

		T-test for Equality of Means					95% Confidence Interval of the Difference	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Overall comparison between employee's perspective and student's perception	Equal variances assumed	- 1.266	98	0.209	-3.78000	2.98679	-9.70718	2.14718
	Equal variances not assumed	-1.266	97.579	0.209	-3.78000	2.98679	-9.70750	2.14750

Table 3
Comparative Factor Wise Analysis of Student and Employee's (For TCS)

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
Balance between personal life and career	929.500	2204.500	-2.398	0.016
A good reference for your future career	958.000	2233.000	-2.171	0.030
Flexible working hours	1219.000	2494.000	-.224	0.823
Quality of work	708.500	1983.500	-3.907	0.000
Strong clear company culture	1247.000	2522.000	-.022	0.983
International career opportunities	1054.500	2329.500	-1.397	0.163
Competitive compensation	721.000	1996.000	-3.854	0.000
Possibility of enhancement and promotion	936.000	2211.000	-2.264	0.024
Secure employment	1197.000	2472.000	-.381	0.703
Challenging work opportunities	730.500	2005.500	-3.737	0.000
Good leadership and management	1240.000	2515.000	-.073	0.942
Financial strength	1183.500	2458.500	-.485	0.628
Good ethics and high morale	1229.500	2504.500	-.148	0.882
Exciting products and services	1073.000	2348.000	-1.269	0.205
Corporate social responsibility	1104.000	2379.000	-1.051	0.293

a. Grouping Variable: Employee's of TCS and students having TCS as prospective employer.

Table 3 gives a comparative analysis of student perception and employee perspective of TCS. A difference in student perception and employee perspective has been observed on “Balance between personal life and career, A good reference for your future career, Quality of work, Competitive compensation, Possibility of enhancement and promotion,

Challenging work opportunities,”. Further ,it has been observed that perception of students shows a favourable trend with respect to “A good reference for your future career, Quality of work, Competitive compensation, Possibility of enhancement and promotion, Challenging work opportunities over perspective of TCS employees', barring “Balance between personal life and career”.

Table 4
Independent Samples Test (For TCS)

		T-test for Equality of Means						
							95% Confidence Interval of the Difference	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Overall comparison between employee's perspective and student's perception	Equal variances assumed	-1.423	98	0.158	-4.46000	3.13435	-10.68002	1.76002
	Equal variances not assumed	-1.423	89.953	0.158	-4.46000	3.13435	-10.68698	1.76698

According to the Table 4, there exists no significant difference between student perception and employee's perspective of TCS.

Table 5
Comparative Analysis of Student and Employee's (For Wipro)

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
Balance between personal life and career	869.500	2144.500	-2.804	0.005
A good reference for your future career	536.500	1811.500	-5.130	0.000
Flexible working hours	577.000	1852.000	-4.766	0.000
Quality of work	618.500	1893.500	-4.562	0.000
Strong clear company culture	679.000	1954.000	-4.133	0.000
International career opportunities	588.000	1863.000	-4.766	0.000
Competitive compensation	590.500	1865.500	-4.723	0.000
Possibility of enhancement and promotion	470.000	1745.000	-5.610	0.000
Secure employment	948.500	2223.500	-2.158	0.031
Challenging work opportunities	922.000	2197.000	-2.392	0.017
Good leadership and management	548.000	1823.000	-5.081	0.000
Financial strength	430.500	1705.500	-5.856	0.000
Good ethics and high morale	773.500	2048.500	-3.409	0.001
Exciting products and services	925.500	2200.500	-2.345	0.019
Corporate social responsibility	1053.000	2328.000	-1.450	0.147

a. Grouping Variable: Employee's of Wipro and Students having Wipro as prospective employer.

As given in Table 5, the student perception and employee's perspective for Wipro depicts a difference on all the factors except for **corporate social responsibility**. It has also been observed that perception of students shows a favourable trend in all the factors wherein gap exists.

Table 6
Independent Samples Test (For Wipro)

		T-test for Equality of Means						
							95% Confidence Interval of the Difference	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Overall comparison between employee's perspective and student's perception	Equal variances assumed	-4.660	98	0.000	-13.18000	2.82857	-18.79320	-7.56680
	Equal variances not assumed	-4.660	92.007	0.000	-13.18000	2.82857	-18.79777	-7.56223

Table 6 supports the results explained above, that there is a significant difference in over all perception of students and employees' perspective of Wipro.



CONCLUSION

It can be concluded that the communication strategies adopted by TCS and Infosys have been successful in helping the prospective employees see the company as a good employer. It is also evident through the financial performance and market capitalization of the companies that being a good employer translates into positive organization performance. This enables the organizations to attract the best of talents thereby providing them with a steady flow of recruits. In the case of WIPRO, better internal brand management strategies be adopted to enhance their employee perspectives. It has been rated third in terms of its market capitalization too.

The Companies all over are scouting for talent and talented workforce has become a priced commodity. Organizations also understand that human beings are the real assets which appreciate with the passage of time and it becomes imperative to handle them carefully, lest the companies lose their competitive advantage. With the continued influx of multinational corporations in India—as well as Indian

corporations expanding beyond their own borders—the opportunities and challenges for India to contribute to the world economy has significantly increased. Thus, as India, Inc. forges forward to make a wider mark in the world, the employer brand as a strategic HR tool will take on greater importance in Indian organizations—in how it is developed, communicated, marketed to yield growth, profits and sustainability for both today and tomorrow. The organizations should aim at developing better internal and external brand management activities to woo skilled talent for further expansion and growth. A powerful employer brand has the strength to attract and retain talent and also achieve the organizational objectives. A strong employer brand also increases productivity, lowers the cost, results in greater retention of employees and customers. Successful alignment of employer with corporate brand will yield better success. Every employer brand is an investment that should demonstrate a return comparable to other forms of business investment. The key to a successful employer brand is to ensure that expectations are fully aligned with the realities of working for the organization and the gap between the employee perspectives and employer perception is minimized.

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