



Branding: A New Performance Discourse for HR?

GRAEME MARTIN, *Heriot Watt University*

PHILLIP BEAUMONT, *University of Glasgow*

ROSALIND DOIG, *Heriot Watt University*

JUDY PATE, *University of Glasgow*

In this paper we explore the potential for HR professionals to draw on the branding literature as a new performance discourse, which increasingly is believed by organizations such as the UK-based Chartered Institute of Personnel and Development (CIPD) to be a key area of interest for their members. We believe that such an interest is more than a passing fad because of three important trends: the importance of corporate and global branding, the development of the services-based economy in all advanced economies, and the growing importance of intangible assets and intellectual capital as sources of strategic advantage. In making our case, firstly, we outline some of the emerging evidence on the branding-HR relationship. Secondly, we bring together diverse sources of literature from marketing, communications, organizational studies and HRM to produce a model of the links between branding and HR and set out some propositions that may serve as a future research agenda and guide to practice, and illustrate these with some case study research. In doing so, our overall aim is to help HR specialists make a stronger claim for inclusion in the brand management process and, by extension, into the core of strategic decision-making in many organizations.

© 2004 Elsevier Ltd. All rights reserved.

Keywords: Branding, Human resources, HR performance, Corporate reputation strategy

Introduction

Despite some differences over time and among countries, the human resources (HR) occupation has encountered major problems in legitimising its role in business (Sisson, 2001), especially when compared to other managerial functions such as finance and marketing. Typically, measures such as relative occupational pay levels and seats on the board of directors (Millward *et al.*, 2000) show HR to be one of the poor relations in organizational decision-making in the UK, and much the same accusation has been leveled in the USA (Strauss, 2001). This lack of prestige has led advocates of HR (or, in its earlier incarnation, personnel management) to make different types of claims “to eat at the top table” of company boards. As a result of these views, there has been an attempt in recent years to demonstrate the contribution of HR to the “bottom line” (Bassie *et al.*, 2002; Huselid, 1995). Given the apparent strength of this line of research, its “compelling evidence” (Cully *et al.*, 1999) and its appeal to HR specialists, it comes as something of a surprise to some researchers and practitioners that CEOs and their boards remain to be convinced of the ‘hard case’ involving the contribution of HR to financial performance, at least in the UK (Guest *et al.*, 2003) and the USA (Strauss, 2001). It should be noted, however, that such doubts among senior board members may have less to do with the message of effective people management as a key success factor, which appears to have been accepted by them judging from their continued positive response to the appeals of the culture-excellence movement. Instead, it has probably more to do with the messengers (i.e. HR professionals, academics and consultants), their marginal role in their respective

organizations and with their respective clients, and their traditional form of training and knowledge base, which generally lack a 'hard' edge (Strauss, 2001). As Storey (2001) and others have pointed out in the UK context, HR is often believed by senior managers to be too important to be left to HR specialists.

HR professionals appear to be 'damned if they don't', and 'damned if they do'. As some critics point out, appeals to the finance director or financial orientation of Anglo-Saxon boards of directors, based on evidence such as financial indicators and shareholder value, can be criticized for their focus on the short term and the failure to take into account the competing and legitimate claims of other key stakeholders (Legge, 2000). In short, there is a failure to embody the longer-term sources of sustained competitive success of organizations, such as knowledge creation, intellectual capital (Leonard, 1998), product and process development, customer relations and quality (Pfeffer, 1998), and strategic change (Ulrich, 1997).

One increasingly important claim for contributing to sustained corporate success is to build bridges with the marketing function and to draw from its literature and practice on branding (Martin and Beaumont, 2003). The importance of brands and brand building is easily justified by reference to their value to companies such as IBM, Microsoft and McDonalds, with a recent report estimating the Coca Cola brand at just under \$70 billion (Anon, 2002). In such companies, corporate branding is the cornerstone of their business strategy and serves as the single most important filter for assessing organizational change and key decisions, even in organizations that retain strong lines of business or product brands. Thus building, or just as often defending, a brand has become a major concern of organizations in industries as diverse as financial services, brewing and information technology, in the private sector. In addition to the for-profit sector, increasingly public sector and voluntary sector organizations are coming to realise the importance of branding, with, for example, universities, primary care services, charitable organizations and high profile law enforcement agencies such as the London Metropolitan Police investing significant resources in building brands and trust relations with their clients and customers.

In all three sectors, it is generally acknowledged by practitioners, consultants and by marketing academics that having employees 'aligned' with the brand is vital, especially those employees whose actions directly affect customer/client relations and perceptions (see, for example, People in Business, available online at <http://www.pib.co.uk>). Yet, for reasons which are largely unexplained (Martin and Beaumont, 2003), this is an issue on which

the HR literature is almost silent, with few direct references to the branding-HR relationship included in the core US or European HR texts or in journal articles.

The Changing Labour Market: The Employer of Choice and Employer Branding

Despite the historically weak links between the marketing and HR functions, there is a growing realisation by companies and by HR professional bodies such as the CIPD and the US-based Society of Human Resource Management (SHRM) that aligning the external, corporate image of organizations with internal employee identity or engagement provides a key opportunity for HR to earn greater voice in business. This is especially so given the importance to many international companies of global branding and the role that branding and branding communications plays in strategic decision-making and such functional alignment can be viewed as part of the globalisation process. Perhaps even more compelling, as organizations in most parts of the developed world have to compete more vigorously in the 'war for talent', especially for increasingly rare and expensive knowledge workers (Cairncross, 2003), becoming an 'employer of choice' is a central HR and business imperative (Pfeffer, 1998). Such a strategy is heavily dependent on an organization developing a strong 'employer brand' in the marketplace to attract potential recruits and to retain existing staff. Becoming an employer of choice, developing an 'employee value proposition' and establishing an employer brand are founded on a recognition and development of the valuable inner reservoirs of human capital – the knowledge and experience that flow through organizations, and relational capital in the form of culture and high levels of employee identification. The future role of HR in contributing towards sustaining the long term success of organisations lies in uncovering and maximising these resources (Sparrow *et al.*, 2004). We briefly discuss these related ideas below.

The Employer of Choice Thesis

The employer of choice thesis is intimately connected to the 'new psychological contract' and 'new career' literature (Rousseau, 1995; Guest, 1998), which developed in the 1990s to explain the emergence of new transactional relationships in certain industries in the US and UK. In part as a reaction to these new style psychological contracts and in part as a reaction to the recruitment problems in the 'new economy', some employers argued that there was a need for them to become employers of choice to retain their

pre-existing levels of trust, commitment and identity, especially given their difficulties in maintaining old style job security guarantees under conditions of uncertain markets (Cappelli, 1995, 1998). Such arguments have led employers to think more closely about the connections between employee satisfaction and retention, hiring, customer satisfaction, branding performance and financial performance.

Thus, according to consultants such as Ahlrichs (2000) and Ashby and Pell (2001), becoming an employer of choice is a deliberate business strategy, which has driven some large US and UK employers to benchmark themselves against others in rankings of the "Best Place to Work", published by *Fortune* magazine in the US and the *Times* in the UK. Although such ideas and strategies have their roots in a decade of unprecedented economic growth in the US, when recruitment and retention became among the most important business issues for American employers (Stein, 2000), they appear not to have diminished in importance since the economic downturn in the US following the winter of 2000/2001. And given existing favourable economic conditions and the demographic problems facing many western countries (Drucker, 2001), it is unlikely that such concerns will diminish in the foreseeable future.

For some organizations, following an employer of choice strategy means little more than more sophisticated and sensitive recruitment practices, such as improving recruitment design, online recruitment, sensitive induction, retention analysis, cafeteria compensation and benefits and "growing your own" talent (Tarzian, 2002). For others, however, it means a new, more contextually sensitive, version of the old-style, relational psychological contract (Cappelli, 1998) in which long-term commitment from employers, demonstrated through the organization's goals, values and trust initiatives, is matched by high-commitment and low turnover responses from employees. Or else they can mean matching the psychological contract mix depending on what employees seek at different stages in their careers. Such a psychological contract is characterized by highly competitive remuneration and benefits, often including elements of contingent pay, interesting, challenging and varied projects, a commitment to training and development tailored to individual needs, flexible working arrangements, and a motivating work environment (Martin and Beaumont, 2003). The benchmarking exercises associated with an employer of choice strategy, such as those appearing in *Fortune* magazine, is related to the extent to which a firm has an appealing employment proposition or employer brand.

Employer Branding

Over the past few years, the concept of employment branding has entered into the lexicon of HR special-

ists and particularly consultants, with firms such as Versant in the US, People in Business and Interbrand in the UK offering specialist employer branding advice on how to engage employee loyalty and build organizational commitment. Perhaps the most complete study to-date of employer branding is the US Conference Board's work (Dell and Ainspan, 2001), which surveyed and undertook follow-up interviews with executives in 137 major US companies. This study found that employees were becoming a much more important target for corporate image makers, although they did not necessarily use the term 'employment branding'. 40% of respondents reported using the methods of corporate branding in their attempts to attract, retain and motivate employees. Other evidence has reported a fast growing interest among European companies, such as Philips and Deutschebank, in the idea of employer branding (Anon, 2001). Such an interest is closely associated with the concept of brand risk, which results from investors perceiving a threat to their brand. It has been strongly contended that it is poor employee performance that can be most damaging to a brand image and reputation (McEwan and Buckingham, 2001).

It is due to this requirement for a consistent internal message that IHRM in particular has begun to redefine its role in an increasingly globalised market setting. A prerequisite for corporate success on a global scale is the ability to create an identity that cuts through national boundaries and resonates with local cultures. IHRM occupies a key strategic and political position in reconciling the potential tension between these two facets through its ability to act as a cohesive force and conduit for communication within the organization. The growing significance of concepts such as 'employer branding' within corporate strategic thinking provides the international HR function with a means of coordinating its processes on a global scale around this as one of several unifying themes. (Sparrow *et al.*, 2004).

Connected with this idea of 'employer branding' is the associated practice of 'talent management' which grew out of the necessity to secure and retain talented staff in the heat of boom-time late 1990's America and is documented in an extensive report entitled *The War For Talent* (Michaels *et al.*, 1997). Further studies found that the differentiating factor between top and mediocre performing firms was the priority placed on individual talent and the fostering of such talent by organizational leaders (Joyce *et al.*, 2003). The economic and organizational advantages of successful talent management are substantial and considered critical in the context of international businesses. IHR professionals can act as a significant coordinating force in this area also, contributing a wealth of knowledge and expertise to global leadership teams.

An employer brand has been defined as the "company's image as seen through the eyes of its associates and potential hires" and is intimately linked to

the “employment experience” of “what it is like to work at a company, including tangibles such as salary and intangibles such as company culture and values” (Ruch, 2002, p. 3). The internal branding process, the means by which an employment brand is created, consists of creating a compelling employment image or proposition, communicating it to employees, convincing them of its worth and, in the rather evangelical words of one set of authors, ‘linking every job in the organization to delivery of the brand essence’ (Bergstrom *et al.*, 2002). Like the minimalist version of employer of choice, much of the content of employment branding programmes emphasizes the traditional HR activities of attraction, recruitment, communications, motivation and retention. This work is at its most helpful from the point of view of practitioners in adapting the ideas of branding from marketing and communications, and applying them to the recruitment and selection phase and in developing and communicating value propositions for employees (Ruch, 2002). The strength of the employer branding concept is that it aims to deal with the complex task of harmonizing internal belief with the external brand message. Otherwise, there is little that is different from the HR strategy and organizational culture change literature in the form of advice to HR practitioners from this body of ideas. Reminiscent of the ‘strategy-as-compelling-narrative’ approach, which has become popular in the strategic management literature (Barry and Elmes, 1997), the key questions to which employer branding addresses itself are as follows:

- ❖ What is the compelling and novel story that we can tell people about working here?
- ❖ How do we tell the story to potential and existing employees in a way that convinces them of the reality of what we have to offer?

Linking HR and Branding: The Importance of Corporate Reputation Management

In our recent report for the CIPD (Martin and Beaumont, 2003), we drew on a number of bodies of literature and practice from human resource, marketing and strategy fields to develop an initial framework for mapping out the links between HR and branding. In this article we focus on explaining the central tenets of the corporate reputation literature to further develop our ideas and help us define more clearly the various concepts often discussed in the literature on the subject.

The Corporate Reputation Literature

HR academics may have overlooked the branding-HR relationship because at one level at least it can be labelled as little more than ‘old wine in new bottles’. From our reading of much of the marketing literature on branding, it seems to have caught up, rather belatedly, with the ‘culture-excellence’ literature that dominated much of management and organizational thinking and practice during the 1980s and 1990s (e.g. Peters and Waterman, 1982; Colville *et al.*, 1999). This focus on culture as a source and driver of success has resurfaced periodically during the last two decades and has influenced many of the ‘business guru’ writers, such as Pascale (1991), Kotter and Heskett (1995), and academics such as Martin (1992).

Though many academics and practitioners have been critical of the culture-excellence literature, nevertheless, we believe

that the managerially-oriented, and somewhat ‘optimistic’ flavour of this work has had an unquestionable influence on the rhetoric and practice of many organizations: in doing so it provides the intellectual inspiration for the current interest among practitioners in branding and also the context for the emerging body of research and writing on corporate reputation. This stream of work on corporate reputation is relevant, both theoretically and practically, for developing our interest in the links between branding and HR. In our opinion it helps provide a language and a degree of conceptual clarity that is lacking in the extant branding and HR literature.

Corporate reputation research has its own interdisciplinary journal, body of scholars, a Corporate Reputation Institute and a literature that brings together marketing, organizational studies, communications and strategic management (Davies *et al.*, 2003). The academic interest in corporate reputation grew out of the branding literature in the 1990s and the earlier work by Albert and Whetten (1985) and others on organizational identity. *What has characterised this work is its focus on the reciprocal relationship between two core concepts – external image and internal organizational identity.* It is argued that corporate reputation is formed by significant interactions between an organisation’s representatives and the outside world. Building on this notion, there are three dimensions to the formation of a reputation (see Schultz *et al.*, 2002). First, *informal* interactions among stakeholders, for example through sales meetings, employee story-telling or accounts from satisfied or dissatisfied customers. These incidents strongly influence an organization’s reputation or external image but are largely uncontrollable. Second, reputations are

“...reputations are increasingly formed by the business press, such as the rankings of the best places to work and industry press ratings of organizations.”

increasingly formed by the *business press*, such as the rankings of the best places to work and industry press ratings of organizations. Third, such reputations are formed not only by existing stakeholders, such as current customers and employees, but also by *potential stakeholders*, such as possible recruits, shareholders and other funders, government organizations and the community at large. Thus we have defined a corporate brand reputation in terms of the results of the interaction between the objective and subjective evaluations of existing and potential stakeholders, a broader concept of what is traditionally meant by corporate brand image.

Modelling the Relationship between HR and Branding: A Corporate Reputation Approach

Drawing on this discussion of the corporate reputation literature and the core concepts of internal identity and external image (see Figure 1), we can begin to map out a relationship involving the links between HR and branding. It is clear from Figure 1 just how important employee views are in constructing organizational identities and image. Employees construct an identity of their organizations directly through their experience and also through their impressions of what external stakeholders think about their organizations, i.e. through the interaction between their own subjective impressions *and* the ways in which outsiders talk about their organizations. The views of past and potential employees are also relevant in building brand images and reputations. Based on our previous work in this area (Martin *et al.*, 1998), we have chosen to define organizational identity in terms of two related bodies of literature. The first is the perceptions employees have of their *psychological contracts* – what they expect, what is on offer and what is actually delivered, including fairness and just treatment (Pate and Martin, 2002). The second is the

work by Davies *et al.* (2003) on stakeholder perceptions of the *organization's personality*, a construct borrowed from the psychology literature to describe generic organizational personality types. This latter concept is of interest because perceptions of organizational 'personality' by external and internal stakeholders can be shared using the same constructs. Thus an organization can be seen as agreeable and trustworthy, enterprising, chic, competent, masculine, ruthless or informal, or some combination of these types by customers and employees alike. To the extent that organizations wish to incorporate or avoid these personality types in their external and internal images and identities, the same questions can be asked of all stakeholders. Using the same constructs and same questions internally and externally allows for a genuine test of a key aspect of alignment that is not possible when testing for identification through employee engagement or commitment scales alone (Davies *et al.*, 2003).

Our model suggests how HR practices can work through organizational identity and brand image to establish strong brand reputations. These HR practices include:

- ❖ the balance of the psychological contract between ideological (the extent to which people are being asked to commit to a higher order cause), relational (old style security and careers) and transactional (pay, employability etc) elements;
- ❖ the existence of an employer of choice policy; and
- ❖ a employment proposition, which contains a novel, compelling and credible message.

In Figure 1, we have also highlighted the importance of having a brand team to establish a unified and credible organizational perspective of the brand image and identity. On the face of it, diversity in the team and in their views is an important factor in this process, and we propose that such a team should include members from different functional

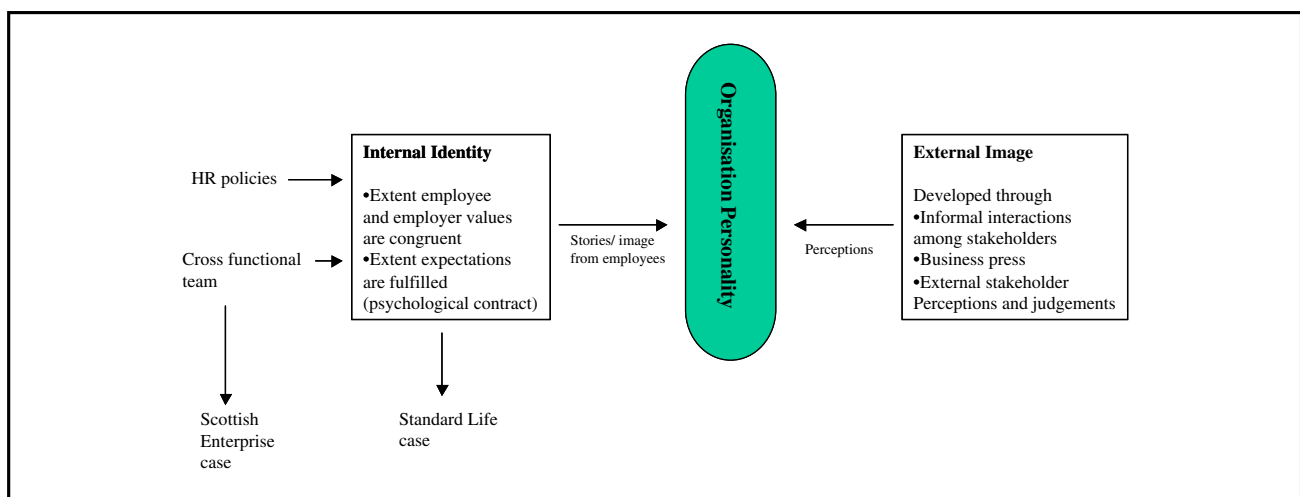


Figure 1 Mapping Internal Identity and External Image

backgrounds. These backgrounds should include marketing and HR, as well as communications and operational staff. However, the mix of these cross-functional teams needs to be carefully worked out, since individual performance within such teams is influenced by a range of factors, including their personal identity, their functional backgrounds and team members demographic differences (Randel and Jaussi, 2003).

Our models suggest three primary propositions, which we ask HR specialist to reflect on in order to see how they can make a specialist contribution. These propositions are general in nature but may be developed, refined and added to through further research. The key propositions are:

1. A strong and positive internal identity and brand will improve the external image and reputation of an organisation.
2. Internal identity can be established through the achievement of a positive psychological contract and the existence of sophisticated HR policies.
3. A branding message, which affectively results in external and internal identity, will be facilitated through the establishment of a comprehensive and coherent cross-functional branding team.

Branding and HR: A Hot Topic in Practice?

To this point the discussion has centered on the academic underpinnings of the connection between branding and HR and it would appear to be an important emerging theme in the literature. In the remainder of this paper we draw on a variety of available data, including on-going case study work to see whether: (1) organisations are generally aware of the employer branding notion; (2) whether some are specifically practising it and; (3) whether this practice is centred (or not) around any of our three propositions, thus providing an opportunity to refine and elaborate on three propositions, and/or develop additional (or new) propositions.

Anecdotal Evidence on the Emerging HR-Branding Relationship

At a number of recent practitioner conferences, including one recently co-organised by two of the authors of this article, the question was asked 'to what extent is the link between HR and branding important'? If anecdotal evidence from the practitioner world is any form of reliable pointer, the answer is strongly couched in the affirmative. First, as we have noted above, there has been a growth in consulting services and conferences on the topic of HR and branding. For example, there are a number of specialist consultancy firms solely devoted to employer branding or include employer branding as an

important feature of their portfolio, e.g. Versant, People in Business and Interbrand. In addition, many of the large consulting firms have been rapidly building expertise in this area, e.g. PriceWaterhouseCoopers. Second, evidence from a recent survey of the work of HR departments in global firms for the CIPD (Sparrow *et al.*, 2004) highlighted employer branding as one of the biggest issues facing international HR managers. Third, headline cases are becoming widely disseminated. Good examples include SAAB (Bergstrom *et al.*, 2002), and Agilent Technologies and Abbey National (Martin and Beaumont, 2003). Fourth, job advertisements are beginning to appear for brand project managers, who can address both the external and internal issues of branding. For example, in the last year or so a number of major multinational enterprises (MNEs) have begun to appoint employer brand managers in their UK operations, who span the marketing and HR roles (personal communication with Richard Mosely, Managing Director, People in Business, 4/8/04). These anecdotal examples underscore the growing acceptance of the pivotal role employees play in reifying the brand through a close identification with the goals of the organisation and a strong personal commitment to its values. Such recognition brings with it the possibility of radical alterations in the future shape of the HR profession. It is this awareness of factors such as the coalescence between product, employer and employee branding and its resultant inclusion of HRM within previously closed spheres of influence such as strategic planning that has sparked the debate over HR-Branding and its significance for the profession.

Survey Evidence on the Emerging HR-Branding Relationship

Aside from such anecdotal evidence, data is emerging that indicates a greater awareness among senior general managers and HR staff of the importance of internal as well as external branding. We have already cited the US Conference Board Report (2001) and should note a recent PriceWaterhouseCoopers report on adding value through employees, which makes explicit reference to employer branding. Two recent UK-based surveys also support the growing importance of the HR-branding relationship. The first is an unpublished Economist Panel Survey on employer branding, undertaken in April 2003, probably the first such survey conducted by a European organization. This survey of more than 900 senior managers and HR of companies in the UK, USA, Continental Europe and Asia which form the Economist survey panel is quite revealing, and we set out the headline findings in Table 1 below.

In addition, there is preliminary evidence from our own survey of fifty-five CIPD Scottish Partnership members conducted for the HR and Branding confer-

Table 1 Recent Survey Findings related to HR and Branding**Headline Findings from Economist Survey (April, 2003)**

- ❖ 62% of HR staff of the 900 plus firms surveyed were aware of the employer branding concept
- ❖ Greater awareness outside of UK (US, Continental Europe and Asia) and among larger organizations
- ❖ Respondents saw employer branding as an 'expression of a company's distinctive employment experience' rather than as a recruitment aid or subset of corporate advertising
- ❖ HR staff were more likely to have responsibility for employer branding than marketing staff, but key responsibility lay with senior management to develop strong employer brands
- ❖ HR staff were expected to take the lead in driving employer branding in the future, along with marketing and communications specialists

ence in November 2003. This is a small convenience sample (hence no detailed outline of relevant characteristics of the organisations is provided). This gave us the opportunity to ask questions concerning the extent to which HR managers were involved in the branding process and their preparedness for such a contribution. The findings indicated that:

- ❖ Branding was seen as important to overall strategy by a significant majority of respondents.
- ❖ Branding was seen in equal measure either as a vehicle for change or as little more than a logo.
- ❖ Employees were seen as important by a majority in supporting brand image.
- ❖ A large majority of respondents didn't believe that employees saw brand image/communication as embodying a compelling message.
- ❖ Marketing or Specialist departments were mainly responsible for brand image in respondent organizations.

- ❖ HR staff were typically involved a little or only sometimes in branding decisions, but believed that they should have bigger involvement.
- ❖ There was evidence of the existence of brand team that included HR in about a third of cases.
- ❖ Respondent organizations routinely measured external brand image in about a third of cases, but were more likely to measure employee culture/identity/engagement.
- ❖ Very few respondents had qualifications related to branding or experience in marketing, though they did not see such education or experience as a problem in them making a significant contribution to the internal and external branding process.

To further explore the actual practice of HR branding, we are currently researching a number of cases. The role of these cases is to test the veracity of our propositions and to help refine them, or indeed to highlight new issues thus far not considered. We

Box 1: Linking Branding and HR at Standard Life Investments

Standard Life Investments, which is headquartered in Edinburgh, Scotland, was launched in 1997 as an autonomous organization within the Standard Life group of companies with the aim of becoming a major international investment house. Since then it has achieved impressive results and has major offices in London, Montreal, Boston, Hong Kong and Dublin and representative offices in Beijing and Seoul, and currently employs around 650 staff. Part of the company's success has been based on establishing a strong corporate brand image in the investment market, which has been fully supported by the HR team in Edinburgh in their combined efforts with the 'business' managers to build high levels of employee engagement and a strong employer brand. Such has been their contribution to the creation of the external brand image since 1997 and the development of a strong internal brand identity, that they won a prestigious HR Excellence award in 2001 for the company with the most innovative HR practices.

The key driver for HR's contribution to the establishment of such a corporate reputation has been the need to recruit and retain talented people, particularly the highly paid investment fund managers who are at the core of the business and acknowledged to be the most important competitive differentiator between investment houses. These people are the equivalent of the stars in English Premier League soccer and can earn salaries to match. Recruiting, engaging and retaining these 150 stars, and the 500 or more people that support them has been a critical issue, especially since Standard Life is committed to its Edinburgh base, outside of the main labour market in London. Sitting alongside this 'talent management' driver has been the desire of the company to create a more 'professional', team-based culture, based on 'adult' relationships and high levels of trust, instead of the previously hierarchical culture which they inherited from their mutual assurance heritage. So, for example, the previous twenty graded job structure has been eliminated, as has payment for overtime and detailed job descriptions and evaluations. These have been replaced with an output and high trust regime in which there is very little close monitoring of work but individualized

pay, in which the variable pay element ranges from 15% of based salary for junior administrative staff to 200% for the investment fund managers.

The HR team has worked with business colleagues in investment and marketing since 1997 to create a strong 'internal' or 'employer' brand, which is treated as the key to matching client experiences and expectations with the company's promotional and advertising strategy and its external image. This began with focus group interviews with customers on determining the external brand values, which were fed back to employees in numerous workshops to help them understand how clients saw the organization, how they wanted to see it and what employees would need to do differently to support the brand. Early on in this process, they realized that achieving this aim would require a heavy investment in promoting 'engagement', which they defined in terms of loyalty and psychological commitment to the company. Following some early investigative work, they commissioned the Gallup organization, a major international survey company, to conduct an investigation into the levels of engagement amongst employees. A survey tool called Q12 was amended by the HR team to include eight of their own questions, which has subsequently become known as Q20 and has been the principal means of measuring progress in employee engagement since 1998. This measure has the added advantage of allowing the company to externally benchmark its employees against other organizations in financial services and against similar companies worldwide. Since the first survey Standard Life have shown a steady improvement in those employees defined as 'actively engaged' from 12% in December 1999 to 33% in February 2003, with those defined as 'actively disengaged' declining from 14% to 7% over the same period. According to Gallup external benchmarking figures for the financial services industry, this has moved Standard Life Investments from around the 50% percentile to the top quartile of companies in terms of employee engagement. In addition, the company has noted a reduction in turnover levels from 12% in 1999 to 5% in 2002 and have calculated a saving of £0.5 million.

According to senior HR staff, these measurements have been critical in helping them make their case for continued inclusion in the corporate reputation process with business managers who are used to financial measurement. However, these measures are only the starting point in the conversation about how to further develop the team-based culture and individuals, all of whom undergo a 'strength-finder' career development review and a 360 degree appraisal. HR staff stressed the importance of integrating the internal and external image of the organization in these interviews and the role of continuous communications in developing a positive corporate reputation. They also stressed the importance of senior management involvement in this process, with Sandy Crombie, the head of Standard Life Investments in 1998 and now CEO of the main board of Standard Life, taking an active role in the external and internal brand-building process.

summarise the early findings from two of these illustrative cases in the boxed illustrations below.

The Standard Life Investments case highlights the importance that many organizations are attaching to talent management, especially in recruiting and retaining key employees. It also illustrates the importance the company attaches to developing a strong employer brand and in becoming 'employer of choice' in managing their corporate reputation. A key aspect of establishing corporate reputation is achieving strong internal identification through em-

ployee engagement strategies. Through such HR-based strategies Standard Life Investments have sought to establish positive relational psychological contracts based on high trust, which are key factors important in retaining 'star staff'. This investment has resulted in significant improvement in externally-benchmarked rankings and reduced turnover, two key measurements that HR use to justify their contributions to the business.

The Scottish Enterprise case highlights a different problem (from case 1) of bringing together a number

Box 2: Marketing and HR Working Together at Scottish Enterprise

Scottish Enterprise (SE) is the major national economic development agency for Scotland, the senior manager of which reports directly to the Scottish Executive and, through them, the Scottish parliament on issues such as economic growth, industry development. At present, SE employs 1500 people with a budget of £500million per annum. According to its website (available online at http://www.scottishenterprise.com/sedotcom_home/about_se.htm?siblingtoggle=1), its key priorities are to provide a range of high-quality services to:

- ❖ help new businesses get underway;
- ❖ support and develop existing businesses;

- ❖ help people gain the knowledge and skills they will need for tomorrow's jobs; and
- ❖ help Scottish businesses develop a strong presence in the global economy – building on Scotland's reputation as a great place to live, work and do business.

SE developed from 14 relatively autonomous local enterprise councils (LECs) that had served the regions of Scotland during the 1980s and early 1990s. Whilst having a common charter, each of these LECs had their own ways of doing business, their own cultures and own external images. As such, there was a great deal of confusion in the business community and among the general public about the role of the LECs. For example, it was possible for individual businesses to seek assistance from two LECs and be made quite different offers of service and grants. In addition, the majority, though not all, of the LECs interpreted their role to effectively exclude service to the large organizations in their respective communities, instead preferring to see themselves as the champions of the small and medium-sized enterprise (SME) sector. As a direct result, the LECs suffered in terms of corporate reputation among the key 150 companies in Scotland, which was reflected and reinforced by damaging attacks by certain sectors of the business press that saw no useful role for public sector organizations in essentially private business.

In 2000, a new Chief Executive, Robert Crawford, put into place a major exercise of corporate change to address these problems and to incorporate into SE 'Careers Scotland', a previously autonomous branch of the Scottish Executive. This new, larger version of SE was intended to provide a single shared service for economic development for Scotland¹, and for vocational training, career development and international business development. As part of this change programme, SE sought to reorganize internally to bring the LECs under more close control but, at the same time, allow them substantial autonomy in carrying out their regional economic development and training roles. Such reorganization was also to be accompanied by a decision to make substantial reductions in staff numbers and to introduce efficiency savings in the operating budget by £50 million. The senior directors of SE took the initial line that this strategy would need to be accompanied by a strong corporate brand image and to have the LECs support that corporate image in every aspect of their operations. To test their thinking, they set up a 'Values and Brand' team comprising two marketing staff, two HR staff and five operational staff, each with different backgrounds. Diversity of backgrounds of team members was seen to be essential in configuring the team to reflect the make-up of the SE network. The task they were given was to research the need for a corporate brand image and to develop a brand strategy, for the period 2002–5, if they sensed that external image and internal identity were a problem. They were also asked to work and liaise with an HR-led group, which was researching into the need for culture change in the organization.

Early research commissioned by the team in 2000 showed the extent of the problem faced by Scottish Enterprise in presenting a coherent brand image. Two hundred and seventy two logos and one hundred and sixty websites were being used throughout the network of LECs. This lack of corporate coherence was reflected in more subjective assessments of the multiplicity of sub-cultures and employment practices used throughout the network. The people-management dimension of the problem was made especially difficult given the simultaneous decision by SE to reduce staff numbers from 2000 to 1500 to make efficiency savings of £50 million.

Following the research phase, which had confirmed the initial expectation that a unified corporate brand image and values framework would need to be created for the transformed SE, the team began to realise that they didn't have the expertise to develop the strategy on their own. Consequently they sought advice from a leading academic in the field and from a leading consulting organization to help them develop the brand strategy. By January, 2002, the team, in conjunction with the consultants, had developed a coherent brand strategy and implementation plan, comprising the following elements:

- ❖ Brand Concept and Values.
- ❖ Brand Personality Tone and Style.
- ❖ Brand Strategy Objectives and Targets 2002–05.
- ❖ Brand Architecture and Guidelines for the Promotion of Products and Services (including a comprehensive Visual Identities Audit, the development of an online Intranet Brand Guidance tool and the creation of SE's first comprehensive Visual Style Guide).
- ❖ Brand Monitoring and Evaluation Framework.
- ❖ Living the Values Staff Programme.
- ❖ Internal Communications Plan.
- ❖ External Communication Priorities Guidance.

Since January, 2002, there has been a major effort to implement this strategy, with cascaded workshops designed to communicate the brand values as part of the 'Living the Values' staff programme, and major exercises in consultation with external stakeholders and employees throughout the network on the external and internal brand image and identity. One of the key features of the SE programme has been the systematic implementation of the brand monitoring and evaluation framework, culminating in an annual brand strength report. This report tracks progress against objectives through quantitative and qualitative research on the external and internal aspects of the SE brand. The report is used as starting point for an annual 'conversation' with the SE board and throughout the network more generally on how to develop the external corporate image and internal identity. In 2003, the following results were reported, which give some indication of the progress that has been made within SE:

- ❖ Internal measures from the annual staff survey, showed that the composite 'score' on questions relating to employee understanding of the SE vision, purpose and objectives had increased substantially by 16%. Currently, 84% express agreement or strong agreement with statements referring to understanding of the vision.
- ❖ Business customer satisfaction ratings were increased by 3% to 83%.
- ❖ The 272 logos previously in use had been reduced to 9 throughout the network.
- ❖ The 160 websites reduced to 3 channel sites, all supported through the one SE server.
- ❖ An annual marketing budget saving of £6.42 million (32%) was made in 2002/03 and the marketing department was on target to save £5.1 million in 2003/04.

From an HR perspective, the annual staff surveys from 2002 and 2003 provided additional data that showed the extent to which the corporate internal identity had been developed.

Percentage of staff agreeing or strongly agreeing with statements related to the new values framework between 2002 and 2003

Statement	2002	2003	% Difference
I am aware of the SE values	70	90	20
I fully understand what the SE values mean to my work	61	74	13
I am fully committed to the SE values	61	71	10
I 'live' the values when performing my work	42	59	17

of organizations, some of which had little identification with the corporate body and another organization which was newly acquired. This lack of integration, coupled with the lack of a unifying brand image, did little to help the external corporate reputation of Scottish Enterprise. The 'living the values' initiative has resulted in increased identification with corporate values and has laid a better foundation for a more positive external image and reputation among the Scottish business community and other key stakeholders. Like the Standard Life Investments case, this study highlights the importance of continuous measurement and evaluation to the whole process.

To The Sceptical Reader: Future Research Needs

As highlighted earlier in the paper, some readers may feel that the branding and HR literature has more than a little resonance with the cultural excellence literature of the 1980s; indeed there may even be an element of *déjà vu*. The distinctiveness of the concept of employer branding rests on connecting

employee internal identification with the organization and the external brand image. Nonetheless, perhaps there are lessons to be learned from the experience of the cultural-excellence movement. The cultural management material was essentially criticized on two grounds. First, from a critical organizational theory perspective, it was seen as a sophisticated control mechanism designed essentially to manipulate employee attitudes. Second, it assumed that the change process was quick and relatively easy given that the shape of organisational culture was essentially under the control of senior management only and hence the time-frame for cultural change programmes were unrealistic. As a result of this misguided perspective a 'band-wagoning' effect seemed to have taken place in which the early movers who had seriously embraced the concept became overwhelmed in numerical terms by the later movers who understood and applied the notion much less well; early movers embraced the concept fully while later movers understood and applied the notion less well, with the result that the principle suffered chiefly through poor implementation.

To avoid repeating this sort of experience in the future it is essential to have a systematic programme of both survey and case study work to establish whether firstly the notions and propositions underlying the employee branding notion offer anything that is conceptually new and distinctive for example, in both conceptual and empirical terms it would be essential to demonstrate concepts integral to the employer branding notion, such as organisational personality (based upon perceptions) add explanatory power over and above the more traditional construct of organisational climate and secondly whether such programmes have positively and significantly impacted on employee attitudes and behaviour in a sustained manner. For example, in relation to the latter one can envisage four 'tests' for such an impact: the extent to which employees identify with organizational goals; the degree to which values are internalized; the level of organizational commitment and sense of psychological ownership (Sparrow and Cooper, 2003). The extent to which these four issues are empirically borne out in reality are major measures of the success for branding and HR to be judged arguably against in the future.

Conclusions

In this paper we have argued that HR professionals could benefit in terms of their professional identities and career progress if they aligned themselves more closely with functions that are central to the creation and maintenance of corporate reputations. The most obvious such function is marketing, with its insights into brand management. The evidence on the importance of branding to organizations in all sectors of the economy suggests that establishing a strong external image is a key element of organizational strategy. However, the various strands of the management and marketing literature has begun to stress the importance in aligning internal employee identification with the corporate image, especially given the role played by employees in the service and knowledge based sectors of modern economies.

We have drawn on the evidence on employer branding and the concepts derived from the corporate reputation literature to develop a conceptual model of the links between branding and HR. Three propositions can be derived from this model, which may serve as the basis for future research and for practical strategies for organizational decision-makers. Our initial, case-based research in the field, which has examined a number of attempts to establish a strong employer brand and external image, provides some support for these propositions. These cases especially stress the key roles of measurement in establishing the case for employer brand management and the roles of cross-functional teams, which include HR,

in establishing a corporate reputation strategy inside and outside of the organization.

However, advancement of the HR occupation's status by linking it with the brand management or corporate reputation process has to demonstrate positive and objectively verifiable links between the particular expertise they bring to the 'party', in terms of their specialist and unique understanding of the employee identification process, employer branding and how it can be aligned with external image building. It is within such a context that HR may have to redefine its role in an increasingly globalized marketplace. The logic for doing so lies in the prerequisites for corporate success among MNEs, the most important of which is the ability to create a corporate brand image and internal identity that cuts through national boundaries and resonates with local cultures. HRM occupies a key strategic and political position in reconciling the potential tension between these two forces through its ability to act as a cohesive force and conduit for communication within the organization. The growing significance of concepts such as 'employer branding' provides the HR function with a means of coordinating this process on a global scale as one of several contexts influencing the future direction of HR, including talent management, knowledge management and changing information and communications technologies (Sparrow et al., 2004).

Note

1. Except the Scottish Highlands and Islands, which was thought to be unique enough to require its own economic development agency.

References

- Ahlich, N.S. (2000) *Competing for Talent: Key Recruitment and Retention Strategies for Becoming an Employer of Choice*. Davis-Black Publishing.
- Albert, S. and Whetten, D. (1985) Organizational identity, eds Cummings, L.L. and Staw, B.M.. *Research in Organizational Behaviour* Vol. 7, pp. 263–295. JAI Press, Greenwich, CT.
- Anon (2001) Building employer brands. *Business Europe* 41(10), 1–3.
- Anon (2002) The 100 top brands. *Business Week* (Aug 5th) 77–80.
- Ashby, F. and Pell, A.R. (2001) *Embracing Excellence: Become an Employer of Choice to Attract the Best Talent*. Prentice Hall.
- Barry, D. and Elmes, M. (1997) Strategy retold: toward a narrative view of strategic discourse. *Academy of Management Review* 22(2), 429–452.
- Bassie, L., Ludwig, J., McMurrer, D.P. and Van Buren, M. (2002) Profiting from learning: Do firm's investments in education and training pay off? Research White Paper Series, Association of Training and Development. Available from: <http://www.astd.org/virtual_community/research/PFLWhitePaper.pdf>.

- Bergstrom, A., Blumenthal, D. and Crothers, S. (2002) Why internal branding matters: the case of Saab. *Corporate Reputation Review* 5(2–3), 133–142.
- Cairncross, F. (2003) *The Company of the Future: Meeting the Management Challenges of the Communications Revolution*. Profile Books, London.
- Cappelli, P. (1995) Rethinking employment. In *Strategic Human Resource Management*, eds R.S. Schuler and S.E. Jackson, pp. 282–318. Blackwell, Oxford.
- Cappelli, P. (1998) *The New Deal at Work: Managing the Market-Driven Workforce*. Harvard University School Press, Boston, MA.
- Colville, I.D., Waterman, R.D. and Weick, K.E. (1999) Organizing and in search of excellence: making sense of the time in theory and practice. *Organization* 6(1), 129–148.
- Cully, M., Woodland, S., O'Reilly, A. and Dix, G. (1999) *Britain at Work*. Routledge, London.
- Davies, G., Chun, R., da Silva and Roper, S. (2003) *Corporate Reputation and Competitiveness*. Routledge, London, UK.
- Dell, D. and Ainspan, N. (2001) *Engaging employees through your brand*. Conference Board Report, No. R-1288-01-RR, April. Conference Board, Washington, DC.
- Drucker, P. (2001) The new demographics: How to live with an ageing population. *The Economist* (1st November).
- Guest, D.E. (1998) Is the psychological contract worth taking seriously? *Journal of Organizational Behaviour* 19, 649–664.
- Guest, D.E., Michie, J., Conway, N. and Sheehan, M. (2003) Human resource management and corporate performance in the UK. *British Journal of Industrial Relations* 41(2), 291–314.
- Huselid, M.A. (1995) The impact of human resource management performance on turnover, productivity and corporate financial performance. *Academy of Management Journal* 38, 635–672.
- Joyce, W., Nohria, N. and Roberts, B. (2003) *What Really Works: The 4 by 2 Formula for Sustained Business Success*. Harper Collins, New York.
- Kotter, J.P. and Heskett, J.L. (1995) *Corporate Culture and Performance*. Free Press, New York.
- Legge, K. (2000) Personnel management in the lean organization. In *Personnel Management: A Comprehensive Guide to Theory and Practice*, eds S. Bach and K. Sisson. Blackwell, Oxford.
- Leonard, D. (1998) *Wellsprings of Knowledge Building and Sustaining the Success of Innovation*. Harvard Business School Press, Boston, MA.
- McEwan, B. and Buckingham, G. (2001) Make a marque. *People Management*, 40–44, 17/5/2001.
- Martin, G. and Beaumont, P.B. (2003) *What's in a Name? Building the Relationship Between People Management and Branding*. Chartered Institute of Personnel and Development, Wimbledon.
- Martin, G., Staines, H. and Pate, J. (1998) The New Psychological Contract: exploring the relationship between job security and career development. *Human Resource Management Journal* 6(3), 20–40.
- Martin, J. (1992) *Cultures in Organizations: Three Perspectives*. Oxford University Press, New York.
- Michaels, E., Handfield Jones, H. and Axelrod, B. (1997) *The War for Talent*. Harvard Business School Press, Boston.
- Millward, N., Forth, J. and Bryson, A. (2000) *All Change at Work*. Routledge, London.
- Pascale, R. (1991) *Managing on the Edge*. Penguin, London.
- Pate, J. and Martin, G. (2002) Trust and the Psychological Contract. In *Trust and Confidence*, eds V. Mangematin, D. Harrisson and C. Thuderoz. CNRS Editions, Paris.
- Peters and Waterman (1982) *In Search of Excellence*. Harper and Row, New York.
- Pfeffer, J. (1998) *The Human Equation*. Harvard Business School Press, Boston, MA.
- Randel, A.E. and Jaussi, K.S. (2003) Functional background, identity, diversity and individual performance in cross-functional teams. *Academy of Management Journal* 46(6), 763–775.
- Rousseau, D.E. (1995) *Psychological Contracts in Organizations*. Sage, Thousand Oaks, CA.
- Ruch (2002) Employer brand evolution: A guide to building loyalty in your organization. Available from: <http://www.versantsolutions.com>.
- Schultz, M., Hatch, M.J. and Larsen, M.H. (2002) *The Expressive Organization: Linking Identity, Reputation and Corporate Brand*. Oxford University Press, Oxford.
- Sisson, K. (2001) Human resource management and the personnel function – a case of partial impact?. In *Human Resource Management: A Critical Text* ed. J. Storey. (3rd edn.). Thomson Learning, London.
- Sparrow, P.R., Brewster, C. and Harris, H. (2004) *Globalizing Human Resource Management*. Routledge, London.
- Sparrow, P.R. and Cooper, C.L. (2003) *The Employment Relationship, Key Challenges of HR*. Butterworth-Heinemann, Oxford.
- Stein, N. (2000) Winning the war to keep top talent. *Fortune* 141(11), 132–133.
- Storey, J. (2001) *Human Resource Management: A Critical Text*. (3rd edn.). Thomson Learning, London.
- Strauss, G. (2001) HRM in the USA: correcting some British impressions. *The International Journal of Human Resource Management* 12(6), 873–897.
- Tarzian, W. (2002) Linking the hiring process to brand management. *Strategic HR Review* 1(3, March/April), 22–25.
- Ulrich, D. (1997) The changing nature of human resources: a model for multiple roles. In *Human Resource Champions* ed. D. Ulrich. Harvard Business School Press, Boston, MA.



GRAEME MARTIN,
*Heriot Watt University,
Edinburgh Business
School, Edinburgh,
EH14 4AS. E-mail:
g.martin@hw.ac.uk*

Graeme Martin is Professor of Human Resource Management at Edinburgh Business School with interests in the field between HRM and organisational change.



PHILLIP BEAUMONT,
*University of Glasgow,
School of Business and
Management, Glasgow
G12 8QQ. E-mail: p.beau-
mont@mgt.gla.ac.uk*

Phillip Beaumont is Professor of Employment Relations at Glasgow University with research interests in the management of knowledge workers, impact of HR practices in organisational performance and the diffusion of HR practices in MNCs.



ROSALIND DOIG,
*Heriot Watt University,
Edinburgh Business
School, Edinburgh, EH14
4AS. E-mail: r.doig@hw.
ac.uk*

Until recently, Rosalind Doig was Research Assistant at Edinburgh Business School.



JUDY PATE, *University
of Glasgow, School of
Business and Manage-
ment, Glasgow G12 8QQ.
E-mail: j.pate@mgt.gla.ac.
uk*

Judy Pate is Lecturer at the University of Glasgow. Her research interests lie in the areas of psychological contract, organisational identity and intra-organisational networks.