



Employer Brand

Case # xxx (FIN2018): How to Make the Coolest Employer Brand out of the Hottest ICT company in Finland

Abstract

Attracting the right talent is becoming more challenging; this is even more true for small, medium-sized enterprises (SMEs). This is the challenge our partner SME is facing too, especially when it is located in a small town far away from the capital city and other larger cities. The company competes in the ICT industry and they need outstanding and experienced professionals for sustainability and growth. In this case study, the SHARPEN team was asked to research how young talent in the university perceived this company as a prospective employer, and to find out what factors are valued by the talent, which will help to improve their employer brand as a means to attract the right talent for their vacancies. It was found that a competitive remuneration package is important. Also, strengthening relationships with the university through more collaboration is crucial too, to create higher visibility for this target group. In addition, consistency of brand message is vital in various aspects including corporate social responsibility.

1 INTRODUCTION

Nowadays, SMEs face many challenges due to deficiency of resources, which makes the application of HRM policies and practices developed in large, established companies difficult to apply in smaller firms. In this case study, we explore the problems and needs of two local SMEs in Finland called HiTech Oy (herein HiTech) and LocalNetti Oy (herein LocalNetti).

The two companies in this case are located in the Kainuu region of North Eastern Finland. HiTech and LocalNetti are part of TEL group, founded over 100 years ago and operating currently in the information technology (IT) sector. Both SMEs are sister companies with the same parent company. HiTech is a leader in the data centre industry and LocalNetti is a specialist company in web services, telecommunications, IT services and digitalisation in Kainuu. The goals of the two companies are to provide the best possible customer experiences in the industry by continuously developing skills and services as well as improving customer engagement.

1.1 Company Backgrounds

HiTech is a member of TEL group. TEL group has existed for more than 100 years. Anchoring itself in the history of TEL group, HiTech operates in the connectivity and technology industry and is a leader in the data centre industry. HiTech leads the



integration of process industry best practices, modern global IT technologies and highly skilled people into a new sustainable future. HiTech attributes its success to the engagement and knowhow of its people. (HiTech, 2017).

HiTech strategies are anchored in the following vision, mission and goals:

- **Vision:** to be a valuable partner to its members and customers.
- **Mission:** to produce ICT services and advantages for customer members
- **Goals:** to provide the best possible customer experiences in the industry by continuously developing their skills and services, as well as improving their customer engagement.

LocalNetti is another member of the TEL group. The main area of operation for LocalNetti is providing comprehensive IT services to companies, consumers and communities. The current company offers ICT and communication services of a modern platforms, high-quality telecommunications network based of optical fibre and operations services to customers. The company operates in the Kainuu region of Finland.

LocalNetti operations are based around:

- local, high-end, know-how;
- customer-oriented thinking and services;
- telecoms network of highest quality;
- leading the way in solving the challenges of digitisation.

LocalNetti's strategies are embedded within the following vision, mission and values:

- **Vision:** LocalNetti is the pride of the region: the most recommended company, the most sought-after partner and employer.
- **Mission:** Owned by its customers, LocalNetti is the best choice as a provider of digital services and solutions.
- **Values:** Customer orientation, responsibility, continuous development.

1.2 Objective

The current research problems for both companies are:

- How do prospective young talented employees perceive the employer brand of LocalNetti and HiTech?
- How can improvements to the employer brand enhance the attractiveness of SMEs to recruit and retain young talent?
- How can the SMEs sustain their attractiveness through improved employer branding?



2 LITERATURE REVIEW

2.1 What is an employer brand?

As a core contributor in building a corporate brand, beside product brand management, is the employer brand. This requires HR expertise in stimulating the employee experience. The employer brand reflects the way people - including the potential employees - perceive a company's reputation. It is influenced by everything from internal communication strategies to company-specific solutions for employee recognition.

Nowadays there are many definitions of employer brand such as:

“A set of attributes that make an organisation distinctive and attractive to those people who will feel an affinity with it and deliver their best performance within it” (Guest & Conway, 2006).

“The image of the organization as a great place to work in the minds of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders)” (Lin & Shih, 2008).

2.2 Reasons for developing an employer brand

Employer branding is a company's ability to differentiate and promote this identity to a defined group of candidates that they are interested in hiring. It creates the unique **scent**, makes the company stand out to win the battle for talent. The employer brand plays a significant role in securing long-term recruitment needs, to differentiate one company from its competition.

If well-determined and implemented, a strategic employer brand can deliver significant benefits in enhancing the company's competitive advantage, enhance its talent pipelines, increase employee engagement levels, ensure greater diversity, develop a strong corporate culture and PR tool kit, enhance support for the organisation's brand, shareholder value, and so on (Figurska &, 2013), **Figure 1 and Figure 2.**

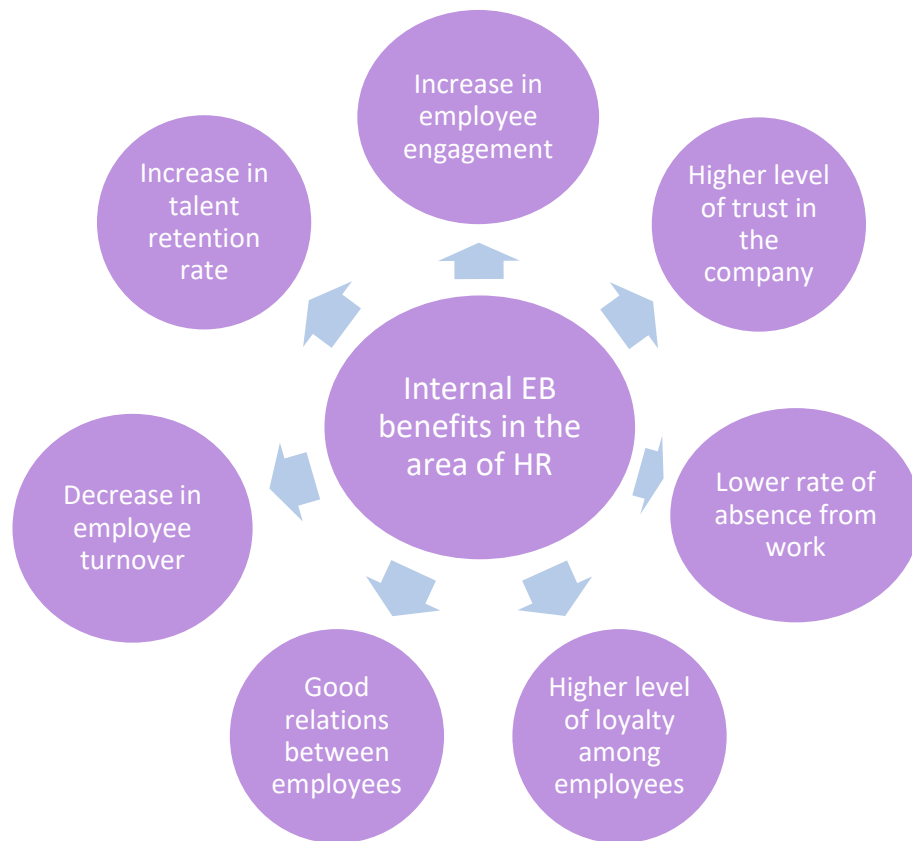


Figure 1. Internal EB benefits for the organisation in the area of human resource.
(Figurska & Matuska, 2013, Employer branding as a human resource management strategy)

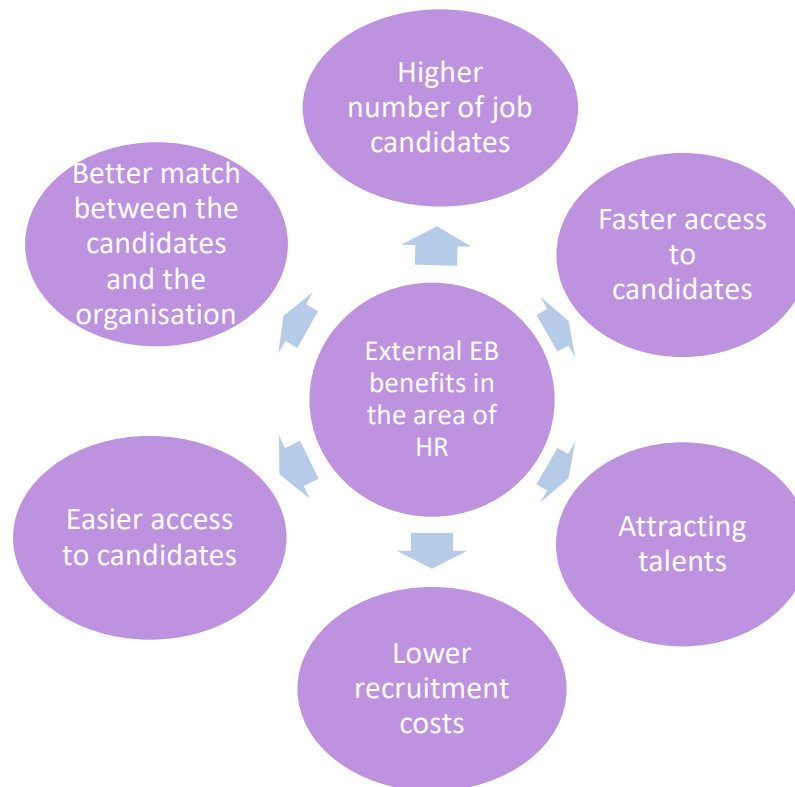


Figure 2. External EB (Employer Brand) benefits in the area of HR (Figurska & Matuska, 2013, Employer branding as a human resource management strategy)

2.2.1 *Employer brand elements*

According to Esra & Ümit (2012), a company has six key values to an applicant including:

- **Social value:** individual attracted because of high possibility of gaining career-enhancing experience, good feeling about themselves (employee) as an element of the organisation, feeling accepted and belonging, good relationship with superiors, valued and maximized employee's creativity, good promotion opportunities within the organisation, feeling appreciated, and job security.
- **Market value:** individual attracted because the organisation produces innovative and high-quality products and services, the high opportunity to apply what employee has learned, and the organisation is customer-focused.
- **Economic value:** individual attracted because of the above-average basic salary, attractive overall compensation package.
- **Application value:** individual attracted because the organisation is humanitarian-focused, giving employee the chance to share/ teach others what they learned/ know.
- **Cooperation value:** individual attracted because the organisation has hands-on inter-department experience, supportive and encouraging colleagues.
- **Working environment:** individual attracted because the organisation has a fun working environment, and the feeling of working in an exciting environment.



2.2.2 *Managing employer brand*

Building and maintaining an employer brand is not a one-person job. It involves every employee and manager with the support of a firm's senior management team. Typically, the managers and senior management develop the company's vision, mission and goals and deliver these to employees through meetings, as well as turn these into action that is aligned. The planning should be done particularly by people from this group, but every single employee is responsible to practice it. They can be a marketing channel to either strengthen or worsen the company's reputation.

The employee value proposition (EVP) includes employee salary, compensation, and benefits that are provided by the company in return for an employee's skills, capability, and experience (Minchington, 2006). It is considered as an employee-centred approach in highlighting the company's differentiation through aligning the EVP strategies with the company's strategic development. A clear corporate brand and EVP, which reflects an employee's motivation and happiness (resulting from their well-taken care of well-being) can attract and retain talented staff. Fair pay, personal development and growth, meaningful work and making contribution, good reputation, and friendly colleagues are the main features of EVP (Minchington, 2016).

As pointed out by Mosley (2009, cited by Figurska & Matuska, 2013, p.39) there are three main factors reinforcing the benefits of strong employer branding, namely enhanced attraction, retention, and engagement studied by Hewlett Associates. Consequently, a good EVP plays a crucial part in constructing a strong employer brand since EVP contributes to the transformation of a prospective job seeker to an engaged, motivated and fully participative employee in every process they participate in.

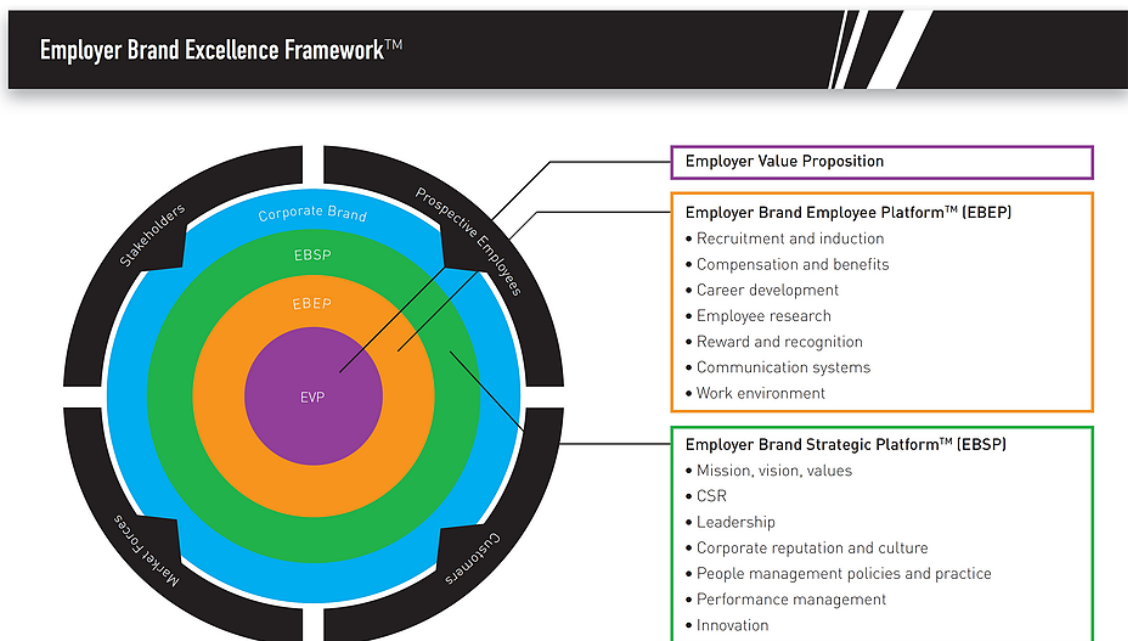




Figure 3. Employer brand excellence framework (Minchington, 2015, Reprinted from 15 Employer branding Best Practices to focus on in 2015)

The data collection methods applied are qualitative and quantitative. After one week, the internal data gained 30 survey respondents from TEL employees, and 59 external respondents from students and business school lecturers of Kajaani University of Applied Sciences. We also interviewed four employees. English is the language used for both methods.

3 FINDINGS AND ANALYSIS

3.1 Internal

Generally, from the conducted surveys, employees from both companies are satisfied with their current working environment. This was determined by the fact that they are talking about the job after work with their family and friends and recommending the vacancy for people in their social circle. One of the issues observed could be the ageing employees in the company, which may result in the shortage of skilled workforce and talented/ suitable successors. Adding to that, the increased competition for talent in the ICT industry in this region, especially in the vibrant games companies, make the attraction of younger people difficult.

On the positive side, the internal survey responses suggest that the employees are attracted by the flexible working hours, balanced work-life, secure and open work environment, and good peer relations. It was noted the HR department has been applying good motivation and sharing schemes such as Friday afternoon walk (from 1-1.5 hours), morning yoga classes, lunch voucher, and so on. This is significantly resulted from last year work. However, during the discussion with the HR manager and interviews with the employees, it was noted that succession planning may be lacking or less structured or less known to the employees. This area could be reviewed and addressed by more transparent succession planning and promotion policies.

Since half of the employees feel unsure about their basic salary's fairness, this observation should be addressed. Fair and equitable environment is a critical factor for employee happiness, satisfaction and motivation; also, this is an important element to enhance the social factor of the employer brand. Despite most respondents stating that they are satisfied with their job, a few respondents also indicated that they felt boredom and stress. Since the respondents cannot indicate the causes in an open question, it is important for the HR Manager and the line managers to observe the key indicators, staff behaviours and motivations, and discuss these issues with their subordinates during development meetings etc. After that, they can enrich their job by giving them a greater variety of tasks, increase their responsibilities, assign them to some projects or other customer initiatives.



3.2 External

From the external survey answered by 59 students and staff from the Kajaani University of Applied Sciences, it is observed both HiTech and LocalNetti can increase their content, interactions and engagement with their stakeholders in the digital channels. Many of these respondents are locals, possible talent for the companies, or current customers of LocalNetti. The survey highlighted that they have a low interaction with potential customers and do not promote the companies with others in their social circle. Feeding the customers and prospective candidates with more information and interaction to give them experience about the companies can help to increase their popularity.

Based on the survey result, *social value* and *economic value* are the most important elements affecting the non-employee group decision when they seek a job. However, since 40% of the respondents are in their young age, which means they are in their first stage of working, the prioritised factors may be different from those who have been working for a longer time.

4 PROPOSED SOLUTIONS AND HR TOOLS

The employer brand touches a wide spectrum of human resource management activities within an organisation. As a result, the brand value must be clearly enforced, presented and exercised consistently across all people-related activities in the organisation.

Strategically, these values should link and support the company's vision, mission and strategic objectives. It should be the responsibility of every employee from the top to bottom of the organisation. Typically, the managers and senior management develop the company's vision, mission and goals and deliver these to employee through meetings, as well as turn these into action that is aligned. The planning should be done particularly by people from this group, but every single employee is responsible to practice it. They can be a marketing channel to either strengthen or worsen the company reputation.

Table 1: Summary of Key Findings and recommendations

Elements	Internal	External
Social value	<ul style="list-style-type: none"> • “Personal touch” to tie the create the psychological contract from the beginning, strengthen the sense of belonging. 	<ul style="list-style-type: none"> • Raise public awareness to get the stakeholders involved, either digitally or physically. • Clear set of vision and mission statements to enhance the connection.
Market value	<ul style="list-style-type: none"> • Increase awareness of customer orientated approach. • Deliver quality services. 	<ul style="list-style-type: none"> • Customer orientated approach.



Elements	Internal	External
Economic value	<ul style="list-style-type: none"> Benchmarking to industry average. Fair and equitable. Attractive total remuneration package. Emphasise non-financial benefits, such as friendly and open work environment, flexible work hours, work-life balance etc. 	<ul style="list-style-type: none"> Create a clear, compelling set of vision and mission statements for HiTech and LocalNetti, which portray distinct positioning statements of their employee-centred approach.
Application value	N/A	Enhance CSR, which will indirectly improve the image of a good employer in the eyes of society and its target applicants.
Cooperation value	Design a brand toolkit to synchronise every company's performance.	<ol style="list-style-type: none"> Design a brand toolkit to synchronise every company's performance. Tighten the relationship with local education institutes (KAMK) to launch frequent leaflets. Apprenticeship scheme.
Working environment	Review during development discussions, enrich the jobs for those who are feeling bored and understand the cause for stress in some employees and provide appropriate support, training or other psychological assistance as deemed appropriate.	N/A

4.1 Some recommended solutions

Social media: Increase quality content and engagement with targeted and prospective job-seekers.

Employer Brand Guide: Create a brand guide so that all employees are aware of the brand values, live and walk them, spread through their words, actions, behaviours in a consistent manner as part of their professional practices in work-related matters (e.g. how they work or communicate with each other internally, or with external counterparts such as prospective employees, interviewees, customers, presentations to students in universities, the society at large etc.). This will facilitate more effective role-modelling, communication across the workforce and during recruitment initiatives. (refer to Practical toolkit for details)

CSR: More effort to emphasise the corporate social responsibility to its stakeholders, which includes employees, prospective candidates, customers, suppliers, regulators and society at large. Reinforce the image of a 'caring' and 'socially responsible' employer.

University relations: Work on joint initiatives such as guest lecturing, cooperate to create common outputs such as a newsletter or publication. This will provide opportunities for the students to know the company, the type of technology,



environment or industry it is operating in, and also help to develop a professional image of the company to stakeholders. They can also be a vehicle to spread the word.

Remuneration package: Performance-linked reward system, a fair appraisal system, offers remuneration that matches the responsibilities, rank and market competitive packages.

4.2 Practical Toolkit: Action Checklist for Employer Branding (EB)

Table 2. Employer branding development and continuous refinement

	Step	Action	Note
1	Generate awareness, form EB team	<ul style="list-style-type: none"> Sell the idea across managerial levels to get the time, budget and resources. Gather the right representation to form the EB team. 	
2	Review the insight	<ul style="list-style-type: none"> Assess current HiTech and LocalNetti, recruitment materials and the candidates and employment experience. Clear understanding of the LocalNetti companies' current characteristics, behaviours, and personality to construct a differentiated brand. (Refer to the research findings for the top five items highly valued by employees and outsiders) Align EB strategy with organisation's strategy. Identify the target (talented student/ skilled candidates/ customers) and their expectation. Conduct periodic employee survey. Conduct periodic external surveys. Benchmark with competitors' EB experience. Get the marketing team onboard and align these brand values (marketing and employer brand). 	



3	Design a compelling EVP	<ul style="list-style-type: none"> Engage employee participation in the development, implementation and all other phases. Identify key differentiators to develop a compelling employer brand. Analyse the strengths about the current EVP. Identify the everyday “live and breathe” values. 	
4	Implement	<ul style="list-style-type: none"> Communicate clearly on timely basis for any changes via workshops, discussions, and team meetings. Walk the talk, live through actions. Reward for those who contributed to active implementation of the brand values. Convert every single employee to become a valuable ambassador to all stakeholders. Blend them as part of the corporate culture. 	
5	Control, measure, and follow-up	<ul style="list-style-type: none"> Measure success. Review and adapt for continuous improvement. Incorporate to performance objectives and appraisal system. 	

5 CONCLUSION

Understanding the role of the employer brand is important to create successful recruitment and retention competencies in terms of effectiveness and cost-efficiency, especially when the talent war is getting fiercer in the ICT industry (Mäntylä, 2017). By achieving a strong employer brand HiTech and LocalNetti can be firmly positioned in the candidates' eyes. However, building an employer brand is a long-term process requiring consultation, with a concrete plan, good communication within the company, continuous follow-up, and evaluation. A clear mission, vision and values and a compelling EVP should be well-designed and communicated, either internally or externally. This will encourage alignment and streamline the decisions of prospective candidates and customers to engage with the enterprises.



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7 APPENDICES

7.1 Appendix 1: Scale items

Scale items
Social values
I feel that I can achieve work-life balance in this organisation
I feel that I get enough trust from my superior
I feel that I am happy when I am working with this organisation
I feel that I am accepted and belonging to this organization
I feel that I am in secure working place
Market value questions
Our company is offering innovative and high-quality services and products
I feel that I can apply the knowledge I got from previous education
Organisation is customer oriented
Economic Value Questions
I feel that my basic salary is according to market rate
I feel that my overall package is attractive
I feel that this organisation is an attractive place to work
Application Value Questions
I feel that organisation contributes to the society
I feel that I have an opportunity to teach others the things I've learnt
Cooperation Value Questions
I feel that organisation practices open communication
I feel that I have a good relations with colleagues ans superior
I feel that organisation employers are more co-workers than competitors
Work environment questions
I feel that there is a good atmosphere in my working place
My work place has a flexible working hours



7.2 Appendix 2: Reliability Test – Cronbach Alpha

Number of respondents

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Test: Cronbach Alpha

Cronbach's alpha is a measure used to assess the reliability, or internal consistency, of a set of scale or test items. The resulting α coefficient of reliability ranges from 0 to 1 in providing this overall assessment of a measure's reliability. Many methodologists recommend a minimum α coefficient between 0.65 and 0.8 (or higher in many cases); α coefficients that are less than 0.5 are usually unacceptable. According to Nullally (1978, p. 245), Cronbach Alpha should have a value of 0.7 or more to be acceptable.

Application Value

Reliability Statistics

Cronbach's Alpha	N of Items
.731	2

COOP Value

Reliability Statistics

Cronbach's Alpha	N of Items
.886	3



Economic Value

Reliability Statistics

Cronbach's Alpha	N of Items
.746	3

Market Value

Reliability Statistics

Cronbach's Alpha	N of Items
.668	2

Social Values

Reliability Statistics

Cronbach's Alpha	N of Items
.812	5

Work Environment Values

Reliability Statistics

Cronbach's Alpha	N of Items
.779	5

SUMMARY:

Based on Nullally (1978)'s recommendation, market value has failed the reliability test. However, some methodologists have advocated that 0.65 or above are acceptable.

As such, market value will be included in further analysis and decision to eliminate or not will be made at a later stage.



7.3 Descriptive Statistics

Descriptive Statistics

	Mean	Std. Deviation	Analysis N
AP1	3.93	.980	30
AP2	3.97	1.033	30
CO1	3.97	.999	30
CO2	3.83	.913	30
CO3	3.90	.923	30
E1	3.93	1.015	30
E2	3.90	.712	30
E3	3.90	.712	30
M1	3.73	1.015	30
M2	3.87	.900	30
M3	3.70	.952	30
S1	3.93	1.015	30
S2	4.60	.498	30
S3	3.83	.913	30
S4	4.13	.776	30
S5	3.80	.805	30
W1	4.13	.860	30
W2	3.97	1.033	30
W3	3.07	.944	30
W4	3.53	.937	30
W5	3.60	.932	30