

Position of Employer Branding in Large Finnish Companies - An Exploratory Study

International Business

Master's thesis

Simonen Aleksi

2011

POSITION OF EMPLOYER BRANDING IN LARGE FINNISH COMPANIES – AN EXPLORATORY STUDY

Existing international studies have shown that Employer Branding is becoming an important element when companies are trying to differentiate themselves in the eyes of potential employees. In Finland research data about the state of Employer Branding is not available. Thus, the primary contribution of this thesis to the current knowledge of the topic is to find out the position of Employer Branding in Finnish companies today.

The empirical part of the study is based on data collected in a web survey conducted in November 2008 - February 2009. The survey was created based on existing Employer Branding literature and total sampling frame consisted of 190 Finnish companies that had a turnover of over 250M€ and more than 250 employees in 2008. In total 45 applicable responses were received representing a response rate of 24 % of the sample.

The results show that Employer Branding does not have a particularly distinct position in large Finnish companies and, thus, respondents felt that Employer Branding should have a more important role than it currently possesses in their companies. In fact, many companies are developing and researching Employer Branding but resources allocated to the processes were not felt to reach an adequate level. Companies headquartered outside of Finland differentiated from these results as in those companies Employer Branding had more importance and adequate resources than in companies headquartered in Finland. Finally, it was found that Employer Branding is still the responsibility of companies' human resource departments while marketing and PR departments' role was surprisingly low.

KEYWORDS: Employer Branding, Resource-Based View, Corporate strategy

TYÖNANTAJAMARKKINOINTI SUURISSA SUOMALAISISSA YRITYKSISSÄ - KARTOITTAVA TUTKIMUS

Nykyiset kansainväliset tutkimukset ovat osoittaneet, että työnantajamarkkinointi on tärkeä tekijä, kun organisaatiot yrittävät erottautua potentiaalisten työntekijöiden silmissä. Tutkimustietoa työnantajamarkkinoinnin asemasta Suomessa ei kuitenkaan ole saatavilla. Tämän tutkimuksen tarkoituksena on selvittää, mikä työnantajamarkkinoinnin asema on tänä päivänä suomalaisissa yrityksissä.

Tutkimuksen empiirinen osuus perustuu dataan, joka kerättiin sähköisesti ajanjaksolla marraskuu 2008 – helmikuu 2009. Toteutettu kysely perustuu kansainvälisiin tutkimuksiin työnantajamarkkinoinnista ja perusjoukko koostui 190 suomalaisesta yrityksestä, joiden liikevaihto oli yli 250M€ ja henkilöstö yli 250 työntekijää vuonna 2008. Yhteensä saatiin 45 hyväksyttävää vastausta ja vastausprosentti oli 24 %.

Analyysin perusteella työnantajamarkkinoinnilla ei ole erityisen selkeää asemaa tutkituissa suomalaisissa suuryrityksissä, ja vastaajat kokivat, että työnantajamarkkinoinnilla pitäisi olla nykyistä tärkeämpi rooli. Monet yritykset kehittävät ja tutkivat työnantajamarkkinointia, mutta eivät koe näihin toimenpiteisiin kohdistettavan riittävästi resursseja. Yrityksissä, joiden pääkonttori on ulkomailla, työnantajamarkkinoinnilla oli tärkeämpi rooli ja siihen kohdistettiin enemmän resursseja kuin yrityksissä, joiden pääkonttori on Suomessa. Työnantajamarkkinoinnin todettiin myös olevan edelleen henkilöstöhallinnan vastuulla, kun taas markkinointi- ja PR-osastoilla oli yllättävän pieni rooli.

AVAINSANAT: Työnantajamarkkinointi, resurssipohjainen näkökulma, yritysstrategia

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1. Introduction

1.1 Background

Business environments are becoming more global and challenging for all companies and they are forced to find new ways to withstand fierce competition and succeed in their operations (Buciuniene & Kazlauskaite, 2008). Among the challenges they face, the most critical ones according to Burke (2005, p. 3) include the need to increase productivity, to expand into global markets and to attract and retain high performing and flexible workforce. Thus, globalization, organizational excellence and high performing workforce are becoming highly important assets in the volatile global business environment of today.

At the same time when the business environment is becoming more challenging, the pool of potential candidates for recruiting purposes is becoming smaller, especially in the Western economies where population is aging rapidly. The situation where job seekers can choose the companies that best suit their personal wishes has forced companies to find new ways to attract talents. However, the severe economic downturn in 2008-2010 changed the situation upside down for some time as there were more job seekers than openings. In 2010 most economies started to grow again and a prestigious Employer Brand is again expected to be a valuable asset.

Consequently, companies have started to brand themselves as attractive employers and enhancing one's company's attractiveness as an employer has later been defined in academic literature as Employer Branding (Mosley, 2007). One of the most well known definitions of Employer Branding has been presented by Backhaus and Tikoo (2004, p. 501): "Employer Branding represents a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer". This definition describes well how the general concept of branding has now also become a part of human resource management.

Employer Branding first emerged in the early 1990's (Mosley, 2007). Recently studies have revealed that Employer Branding has been one of the key strategies in employment and recruitment in the past years (Gaddam, 2008), which reflects well on the general concept of brand management where delivering a steady and unique brand experience for customers has been a central idea for years (Mosley, 2007). However, the relative underdevelopment of Employer Branding can be seen in academic literature as there cannot be found a standardized model for it and there is only a limited set of research conducted in the area. This is why I find Employer Branding an interesting area to study further since it is argued that a strong Employer Brand attracts better applicants (Collins and Stevens, 2002; Slaughter et al., 2004) and shapes their expectations about their employment (Lievens and Highhouse, 2003).

In recent years, Employer Branding has started to gain interest in Finland but still very little progress can actually be seen. One reason for this might be that Employer Branding is a process that requires time and resources and also top managerial commitment. These necessities might slow down Employer Branding to gain its status as a mean to gain more competitive strategic assets in the form of human resources. It is also very difficult to evaluate the current level of Employer Branding in Finnish companies due to the small amount of academic research that has been done of the Employer Branding scene in Finland. In addition, the global recession of recent years might have hindered the development of Employer Branding in Finland and it needs to be taken into consideration when evaluating the results of this research.

Burke's (2005) list of critical success factors in the beginning of this Chapter are all aiming for a company's growth and prosperity with the goal of gaining competitive advantage. Regardless of the fact that companies have been investing their resources in various ways to gain competitive advantage, one that is not fully recognized is capitalizing on superior human resource management. Since the amount of Employer Branding research is limited in Finland, it is difficult for companies to benchmark themselves against others when there is limited knowledge what other companies have been doing or are planning to do in the future. In order to understand how companies

could gain competitive advantage through Employer Branding one must first acknowledge the current position of Employer Branding in Finnish companies.

This study aims to add knowledge to the field of Employer Branding in Finland and is based on two separate but closely linked fields of study, namely Employer Brand and corporate strategy, in particular the resource-based view. The theoretical background is based on these fields and will be further supported by empirical research on the topic to explore the position of Employer Branding in Finnish companies.

1.2 Research Objective and Questions

Based on previous research and literature, the topic of Employer Branding in Finland should be researched further starting from the perspective of strategic positioning. Based on the discussion above, the primary contribution of this thesis to the current knowledge on the topic is to find out the position of Employer Branding in Finnish companies.

To these ends, the study calls on the following main research question:

- What is the position of Employer Branding in Finnish companies?

The main research problem is divided into three sub-questions as addressed below:

- What is Employer Branding?
- What is resource-based view and how is corporate strategy linked to it?
- What are distinctive qualities of Finnish companies?

1.3 Scope of the Study

The amount of research on Employer Branding conducted in Finland is very limited and thus the scope of the research was set to include only companies operating in Finland. These companies may be Finland based (headquartered in Finland) or companies that have operations in Finland but are based abroad (headquartered outside Finland).

Because Employer Branding is strategic marketing, smaller companies may have difficulties to find the resources needed for Employer Branding activities. Due to this, the scope was defined to include only large companies that have over 250 employees and a turnover of over 250 million Euros. The aimed population for the survey was decided to be retrieved from Talouselämä TOP 500 companies publication that is a listing of the biggest 500 companies in Finland based on turnover.

This study aims to research the position of Employer Branding in large Finnish companies. Hence, the study is focused on companies' internal qualities and capabilities instead of their business environment and external qualities. Concentrating on external qualities would lead to studying potential employees' perceptions of companies' Employer Brands, which is out of the scope of this study.

1.4 Definitions

Next, the key concepts are defined briefly: employer brand, resource-based view and corporate strategy. The conceptual framework and further definitions are developed in the following Chapters.

Employer Brand

Terms “Employment Brand” and “Employer Brand” are used simultaneously to implicate the package of functional, economic and psychological benefits provided by employment and acknowledged with the employing firm (Ambler & Barrow, 1996, p. 185).

Resource-based view

The idea of the resource-based view (RBV) of the firm is in recognizing what types of resources are most significantly associated with company performance (Galbreath & Galvin, 2004). In particular the resource-based view has focused on the role of each company’s unique experience in accumulating resources and capabilities that shape its opportunities to earn rents (Lockett, 2005).

Corporate strategy

Corporate strategy constitutes strategic decisions that are made through careful planning and complex thinking since long-term decisions have long-term effects on the company (Johnson et al., 2008). Johnson et al. (2008, p. 3) states that “strategy (corporate) is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations”

1.5 Structure of the Study

In Chapter 2, the sub-research question “What is Employer Branding?” is discussed by defining the Employer Branding fundamentals by starting with discussion of brand and

then moving on to strategic human resource management. Finally the key concept of this research, Employer Branding, is discussed.

In Chapter 3, the sub-research question “What is resource-based view and how is corporate strategy linked to it?” is researched first. Chapter 3 starts with the discussion of corporate strategy and the resource-based view. Then the second sub-research question related to Chapter 3, “What are distinctive qualities of Finnish companies?”, is researched. Thus the distinctive elements of the Finnish business environment are discussed to understand the business environment where the companies of the empirical study are operating. Finally the framework of this study is formulated.

Chapter 4 presents the empirical study conducted in order to explore the current position of Employer Branding in Finnish companies. The process of data collecting, statistical analysis methods and the validity and reliability of the research are discussed here in more detail.

In Chapter 5, the empirical findings based on the questionnaire survey are studied on the basis of the formulated framework of this study.

Chapter 6 answers to the main research question of this study “What is the position of Employer Branding in Finnish companies” when empirical findings of this research are discussed. Finally the limitations of the study and future research suggestions are presented.

2. Employer Branding Fundamentals

Concepts of brand and branding are the unifying themes of this Chapter which researches earlier literature related to the main focus of this thesis, Employer Branding. The Chapter starts by looking at the fundamentals of a brand, researches a brand as a strategic asset and introduces the concept of a corporate brand. Then strategic human resource management, recruitment process and employee retention are discussed to find out how human resources can be used as a strategic tool to create value for a company. Finally the topic of Employer Branding is researched starting with definitions and then looking into practices of Employer Branding.

The topic of the sub-research question “What is Employer Branding” is discussed in this Chapter.

2.1 Brand

The concept of a brand is one of the key elements of this research. It is crucial to first understand the fundamentals of a brand that is the carrying theme of this research in order to further explore the main topic of this study, Employer Branding. The connection between these two study areas will be discussed later on. When we think of brands we can differentiate product manufacturers and service providers from their competitors. For example, if we think of car brands we can name more than one, and most often, we also can name some distinctive features, colors, shapes or other characteristics that differentiate them. This distinctive element of brand is one of the foundational elements of this research.

This Chapter starts by looking into different definitions of a brand in order to find the fundamental elements of a brand and if there are some differences between definitions

provided by different authors. Then the idea of using brand as a strategic asset is discussed and the various benefits of a strong brand are explained.

2.1.1 Definitions of a Brand

In this Section different definitions of a brand are first introduced and then common and differentiating factors between the definitions are discussed. The chosen brand definitions are published by the most well known brand literature authors who have been in the heart of the brand discussions in the past two decades. All of the definitions have also been cited multiple times in the source literature of this research which was the main reason for the selection of the following definitions.

“A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” American Marketing Association definition (Aurand et al. 2005, 164). This is one of the most commonly seen definitions where the main message is that brand attributes differentiate brands from others.

“A brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers.” (Bennett, 1988, p. 18).

“The promise of the bundles of attributes that someone buys and provide satisfaction . . . The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible.” (Ambler, 1992, 23).

“A brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical.” (Aaker, 1991, 39).

“A brand is not a product. It is the product’s essence, its meaning, and its direction, and it defines its identity in time and space.” (Kapferer, 1992, p. 19).

As can be seen from the above definitions, brands are sometimes described from the consumer’s perspective and sometimes from the brand owner’s perspective. Additionally brands can also be defined by their purpose and sometimes by their characteristics.

American Marketing Association’s definition is the most product orientated of the five; it also emphasizes visual features as a mechanism for differentiation. Nevertheless, it can be argued that this definition is rather narrow viewed, although it is still one of the most cited definitions (e.g. Doyle 1994; Kotler et al. 1996; Shanton et al. 1991; Watkins 1986). Dibb et al. (1997) use Bennet’s (1988) modified version of this definition where the biggest change is that Bennet (1988) added “any other feature” to it, which gives a thought for intangible attributes such as image giving this definition the differentiating element. Differentiation is the most fundamental element of brands as it gives companies the power to distinguish themselves from others in the market environment. Another important feature in Dibb et al.’s (1997) definition is that it focuses on the corporate perspective instead of emphasizing consumer benefits whereas Ambler (1992) has the most consumer orientated approach in his definition of brand. His attributes are based on the marketing mix and are interpreted in the mind of consumer. Due to this, Ambler’s (1992) definition is highly subjective and leaves more room for interpretation

of brand equities. (Wood, 2000). Aaker (1991) finds a brand to be one or a set of distinguishing elements (such as a logo, trademark, or package design) that companies provide and from which consumers choose, according to company wishes. Kapferer (1992) has the strongest consumer related view of a brand being just an interpretation in the eyes of the consumer; this interpretation can vary in time and space. Most of the other brand definitions and interpretations focus on the methods used to implicate differentiation and/ or highlight the benefits the consumer gets from purchasing the brand. These hold definitions and interpretations that emphasize brands as an image in the consumers' minds (Boulding 1965; Martineau 1959; Keller 1993), brand personality (Alt & Griggs 1988; Goodyear 1993; Aaker 1996), brands as value systems (Steth et al. 1991) and brands as added value (Levitt 1962, de Chernatony & McDonald 1992; Murphy 1992, Wolfe 1993; Doyle 1994).

Categorizing these definitions is not black and white, since many of the definitions are subject to the interpretation, but a generic split is presented in Figure 1, which has been modified from Wood's (2000) interpretations where brand definitions and descriptions are categorized by their emphasis on either company or consumer benefits. The list is also continued with Wood's (2000) interpretation of other definitions to provide deeper insight into how different definitions of well-known researches have divided under consumer and company benefits.

Figure 1. Summary of brand definitions and descriptions

Emphasis on brand benefits to the company	Emphasis on brand benefits to the consumer
<p>Aaker (1991) American Marketing Association (1960) Bennet (1988) Dibb et al. (1997) Doyle (1994)</p> <p>Kotler et al. (1996) Stanton et al (1991) Watkins (1986)</p>	<p>Aaker (1991) Alt and Griggs (1998)</p> <p>Ambler (1992) Boulding (1956) de Chematony and McDonald (1992) Doyle (1993) Goodyear (1993) Keller (1993) Kapferer (1992) Levitt (1962) Martineau (1959) Murphy (1992) Steth et al. (1991) Wolfe (1993)</p>

Source: Modified from Woods (2000, p. 666)

As a conclusion of these brand definitions it can be noted that to have a brand that values both consumer and company benefits, brands should be thought of in the context of the marketing mix (product, price, place, promotion). Another assumption that can be noted is that brands should be interpreted in a long term context since especially the consumer benefit side of brands is usually developed in a long run. In the following Sections 2.2 and 2.3, brand is researched with a more strategic asset view, when a brand can be seen as a benefit to the company in the Employer Branding context and a long term strategic view is taken as a fundamental element.

2.1.2 Brand as a Strategic Asset

As noted previously, brand is one of the most discussed components of today's academic marketing literature. Many of these journals are dealing with brands as a strategic asset (e.g. Calderon et al. 1997; Davis, 2002; Motaniemi & Shahrokhi, 1998; Uggla, 2006; Wood, 2000), which shows the importance of understanding the value of a brand.

The discussion on the importance of brands is not a new phenomenon, as it has been going on already for decades, but since the early 1990's, new concerns and viewpoints have taken over the topic (Calderon et al. 1997). It has been noted that the old saying of "What cannot be measured, cannot be managed" applies to brands as well as to other business elements. Brands are commonly known to be valuable assets but their intangible form makes their measurement difficult (Davis, 2002). Also the competitive business environment of today forces companies to explore market needs and then try to develop their product offerings accordingly. Thus, when more and more companies are doing so, brands that differentiate these products become assets.

In the search for added value and long-term customer relationships companies try to differentiate themselves in the eyes of the consumer and build long-lasting client integration. In this type of environment a strong brand is the crucial factor in differentiating rather homogenous products or services. Brand values are measured in order to understand how consumers react to brands and to figure out what initiates consumers' purchase decision. Due to this, perceptions and values associated with brands are among the elements that companies need to measure in order to make their products the most appealing for consumers. According to Calderon et al. (1997) a brand is becoming an even more important product attribute than other, often physical, product features. The fundamental motivational factor that Calderon et al. (1997) presents is the problem of more and more costly and complex processes of developing new brands, which often leads companies to use easier looking routes of developing their existing brands.

Before this research goes deeper into how brands should be measured, the common set of brand values is introduced. Calderon et al. (1997, p. 295) presented the benefits of strong brands in their Brand Assessment research which provides an insight into how the value is generated. This chart is shown in Figure 2.

Figure 2. Company assets and their influence over brand value

	BRAND VALUES	Loyalty	Awareness	Perceived quality	Identity
COMPANY ASSETS					
Reduction of market cost		X	X		
Market leverage		X		X	
Attracting new clients		X			
Familiarity		X	X		
Positive attitude		X	X		X
Reason for purchase				X	X
Differentiation, positioning				X	X
Primed price		X	X	X	X
Extension				X	X

Source: Calderon et al. 1997, p. 295

As seen in Figure 2, brand values can be grouped into five multidimensional constructs that interact with each other in a complex way: brand loyalty, name recognition (awareness), perceived quality, brand identity and other assets belonging to the brand (patent, access to the distribution channel, etc.) (Calderon et al. 1997, p. 294-295). Calderon et al. (1997) presents that the loyalty to the brand measures the value of attachment between the brand and the consumer that is a result of satisfaction obtained from previous purchases. The awareness of the trademark, which is often used by marketing departments, reflects the presence of the brand in the clients' minds and is

often dependent on the context in which it is presented. Perceived quality distinguishes the product from other alternatives by its superiority of the product or service. Calderon et al. (1997) argues that since it is consumers' judgment over the superiority of the product, excellent product quality can be transferred to positive perception of the brand. Finally, the brand's identity should be seen as a mix of various elements, not just as separate factors that in the end defines the brand's reason for being. These five mentioned assets generate brand value by attracting new clients, by being more attractive for distribution channels, helping to set higher prices, enables brand extensions and creates competitive advantage that presents real barrier to competition (Calderon et al. 1997, p. 296). Here it should be noted that this is not the full description of the assets brought by a strong brand but the most commonly seen brand value attributes collected by Calderon et al. (1997). All these values can also result in negative results if not dealt with in the right context and the brand is not audited with a clear strategy in mind.

2.1.3 Corporate Brand

The beginning of this brand Chapter has focused on explaining the concept of the brand itself and how brands can create value. This Section will focus deeper on the idea of corporate identity as a brand and simplifies the difference of a common brand terminology where it is seen as a product or service.

Brand definitions are complex; brands can be defined as corporations, persons and places and also as products (Uggla, 2006, p. 786). In brand management literature a brand is often seen as the unit of analysis, and brands are defined in an expanded way as a symbol, product, person or organization (Uggla, 2006, p. 786). Some organizations have set their corporate name as a brand like Unilever or Proctor & Gamble and have their brand identity evolved around their products when for others, like McDonalds or GE, core brand identity is set by corporate brand values and product is instead a part of expanded corporate identity (Uggla, 2006). It is also interesting to note that product

brands are restricted to marketing, whereas corporate brands can be much more multidimensional by their ideology, as Uggla (2006) presents. Corporate brands also involve a group of stakeholders and therefore also external interests and networks (Uggla, 2006).

The highest level of company involvement in a brand, a shared brand name, also raises the question of risks that is not mentioned in Uggla's (2006) research. The example that is mentioned earlier in this Section about corporate brands (e.g. Unilever vs. McDonalds), supports the idea that if Unilever loses consumers' trust with one brand (e.g. Rexona) and consumers do not buy it anymore, it can still recover from that due to other Unilever owned brands. In contrast if McDonald's as a brand loses its consumers trust, the whole corporation will most probably suffer drastically from it. On the other hand, one strong corporate brand is easier to market when it is managed well. So as said in the beginning of this Chapter, brand identity is complex, and needs to be measured in order to survive in the complex and global brand environment.

2.2 Strategic Human Resource Management, Recruitment Process and Employee Retention

The old way of seeing human resource management is the duty of selecting suitable candidates for a specific job from a wide pool of potential employees. This generic view of human resource (HR) department's duties has been argued a lot (e.g. Baker, 1999; Becton & Scharaeder, 2009; Kane, & Palmer, 1995) in the modern recruitment and retention strategies literature and more often this traditional role of HR does not exist anymore. This is due to the changing economics that forces companies to fight over talented people to work for them.

In this Section strategic human resource management (HRM) is presented, the common recruitment process is discussed to find out expected linkages to Employer Branding

and finally employee retention is researched since it can be seen as the final stage of the recruitment process and via this also connects to strategic human resource management.

2.2.1 Strategic Human Resource Management

Strategic Human Resource Management (SHRM) is seen as the linkage between human resource management and a company's overall strategy (e.g. Becton & Scharaeder, 2009; Kane, & Palmer, 1995). In order to understand how these two important elements for every company fit together, this topic is further researched in this Section. Then, the idea of how SHRM can create competitive advantage will be discussed in order to understand why it can be worthwhile to invest in the development of human resources.

The concept of strategic human resource management has been widely researched (e.g. Baker, 1999; Becton & Scharaeder, 2009; Kane, & Palmer, 1995; Marlow, 1995; Ropo, 1993; Sheehan, 2003) during the past two decades, but there are still not many highly recognized definitions in this field of study. Despite this, studies have already shown the importance of the topic and the overall change in companies' ways to plan ahead has now taken over HRM as well (Baker, 1999). Strategic HRM is dealing with HR strategies in order to generate corporate efficiency, and about how these contributions are then accomplished. It also involves planning and implementing a company's internally consistent policies and practices to ensure that a company's human capital (employees' collective skills, knowledge and abilities) contributes to the overall business strategy. Effective management of a company's HR is crucial for profitability and to the company's overall competitiveness; however, to achieve this competitive advantage it requires that human resources are managed from a strategic point of view.

The outcome of linking HR to the organization's strategies means a new requirement for HR staff, it is necessary for them to understand strategies and to have the ability to associate with the other strategy partners within the organization. The change in the tasks for HR roles means that this change sets new challenges for companies and these challenges need to be overcome in order to fully utilize strategic human resource

management. (Becton & Scharaeder, 2009). The key features of SHRM that HR needs to adapt are according to Baker (1999, p. 51) internal integration of personnel policies and their external integration with overall strategy, line management responsibility for HR implementation and policy (to some extent), favor for individual than collective employee relations, an emphasis on commitment and the routine with managers donning the role of “enabler”, “empowerer” and “facilitator”. The simple reason for companies to do this switch to SHRM is that in many organizations, employee costs represent the biggest cost line of the budget which forces organizations to prioritize these costs in a competitive environment. SHRM requires a holistic approach with not just an internal integration between personnel systems (e.g. recruitment, selection, reward mechanisms, appraisal performance management), but also deeper integration between these systems that are summarized in the HR’s strategy and with the organization’s overall strategy (Baker, 1999). Baker (1999) argues that this will lead to organizations’ success, when all the aspects of the company’s overall strategy are taken under consideration in the employee selection process.

Baker (1999, p. 52) presents a research where it is stated that such coherent approach to HRM policies leads to better integration, commitment, flexibility/ adaptability of the employees and quality (all necessary for competitive edge), resulting in the long run:

- High job performance
- High problem solving, change and innovation
- High cost-effectiveness; and
- Lower turnover of employees and absences

These main benefits can be seen as result of successful SHRM, but also other elements at the workplace (social relations, interesting tasks, inspirational management etc.) need to be in order to achieve these benefits (Baker, 1999, p. 52). In addition employee commitment to SHRM strategies is crucial to meet the initiated benefits. SHRM makes it also more challenging for potential employees to get employed since more precise calculations are made if this person really adds value to the organization and is

personally capable to find ways to add value. In return, hired employees can demand higher salaries and more challenging tasks, resources and freedom to perform well. The risk here is that when these employees get better training and constantly develop themselves, they generate skills in order to be employed somewhere else. (Baker, 1999).

Strategy scholars have been putting persistent effort in an attempt to understand potential sources of competitive advantage that can be seen as a result of successful SRHM (Barney, 1991; Grant, 1991; Schuler & Jackson, 1999; Porter 1998). The new challenges of human resources come from the expanding company environment including: challenges of global markets, need to increase productivity, development of new technologies, responding to changes in the volatile marketplace, need to increase revenue and decrease cost, developing skilled and flexible workforce and introducing changes (Burke, 2005, p. 3) where Buciuniene & Kazlauskaitė, (2008) added the focus on human resources and capabilities. There are two primary streams in the research of human resources as competitive advantage (Mueller, 1996; Pfeffer, 1995; Wright & McMahan, 1992); one is the human capital itself and the other is the capability of managing human capital (Chan et. al, 2004). However in this research the split between the streams is not seen as important and since Employer Branding will also bring in more human capital in the form of successful recruiting and also manage the human capital via the brand perception.

2.2.2 Recruitment Process

It was mentioned in the introduction of this Section 2.2, that the traditional recruitment process can face more changes in near future than ever before. First of all the current knowledge based economy recruits much more skilful people than ever before. For example Holbeche (1999) argues in his book *Aligning Human Resources and Business Strategy* that the talented uneducated people used to be easily tempted to work for construction industry which used to have oversupply of potential candidates, but now

when these same candidates can as well be hired to clean routine-like office job, the task of recruiting becomes more difficult and competition of talents gets fierce.

The image of certain industry or business sector has also strong pull or push factor in the eyes of potential candidates. For example Holbeche (1999) finds that the insurance industry is facing serious problems in the fight for talent. This is due to the changed nature of the working environment where office jobs are becoming commonality for people with different educational backgrounds and, due to this people have a wider range of industries to select from (see construction industry example from previous paragraph). In this battle between different industries, winners are the ones with better image in the eyes of employees and losers are the industries that have an image that does not allure young talent (Holbeche, 1999). The fight for talent between industries raises new interesting questions of how to be more alluring in the eyes of talents. If it is not just the companies that are competing for the same talents, but also different industries, should industries then join together and start branding the industry itself to potential workers? This is a question to which this research does not provide a clear answer, but a couple of things can be assumed. First, industries should use some chosen channels to market the industry itself in order to be attractive in the eyes of talents, and secondly, companies should fight for talent within the industry that forces these companies to re-think their HR strategies.

Holbeche (1999) finds the recruitment process itself to be one of the key incentives for candidates to continue the process due to positive company image. It is quite easy to agree with this since, in most cases, the first interview at the company's physical premises is the first time when an applicant sees the first aspects of the company's brand in the form of employees and office space. The current employees help applicants also to understand the company's commitment to recruitment from the way applicants are treated in the process (Holbeche, 1999). It is known that some companies ask senior staff members to meet applicants for example during the lunch break, just to show the interest towards them. A well-thought recruitment process gives first indication of working in the company. This can be done by including in the process not just interviews, but also real cases and team tasks from the normal day-to-day job to which

the applicant is interviewed for. Flexibility in the times when candidates are invited to be seen is also important to ensure that all the best candidates show up despite their possible current job. Also early feedback and taking care of non-selected applicants are important in order to sustain the positive image of the company's brand and to gather a pool of possible future employees from the non-selected ones (Holbeche, 1999).

For senior management roles, the recruitment process differs from the general one mentioned above. This is because when companies have an open senior management role, they often try to fill the role from the current employees or they already have contacts outside the company (former employees or other contacts). It is generally thought that 40-50 percent of senior management roles are filled in by using contacts. Another popular way of finding people for senior management roles is to use consultants who already have potential candidates on their records for a variety of different roles. Consultant offices can also provide coaching and specific skills training in order to generate skills within the company or to train a potential applicant to be more suitable for certain jobs. The introduction of online job-search engines has also changed drastically the way how potential employees and employers can be found. CV banks and companies' online profiles offer a more effective way to find a suitable match for both employees and employers. (Holbeche, 1999) This change in online applications and company profiles has also changed the way how print and digital media should be formed to allure applicants. It is no longer the print or digital media ad where the whole description of the company and the job needs to be presented, but these ads work more like bait for the applicants to go online and acquire more information about the company and the placement.

2.2.3 Employee Retention

Academic discussion about human resource management has in the past decade founded a new field of study, employee retention (e.g. Glen, 2006; Kummer, 2008; Lloyd, et al. 2006; Morgan, 2008; Sigler, 1999; Woodruffe, 2006). The main logic in the literature

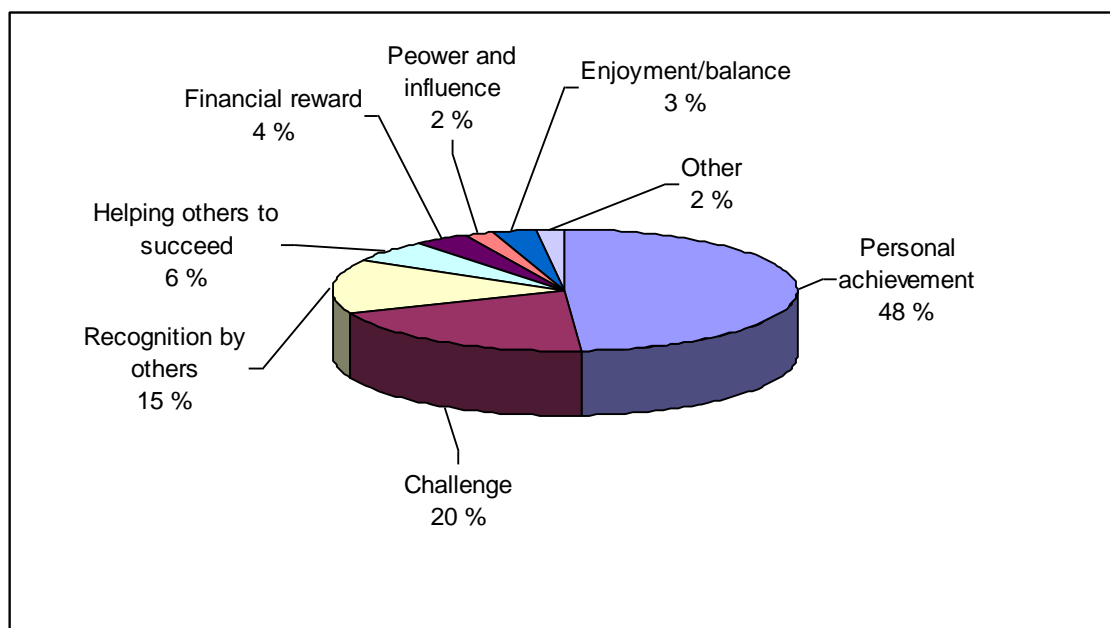
has been that employee retention matters; it is vital for companies to keep in the top talents to whom they have invested in since employee turnover is extremely costly.

The game of retaining talent has become more difficult in the past decade. More often business managers find that new young recruits seem to be less loyal and they do not have a strong commitment to their workplace. There could be many reasons behind this, but if this is the situation, then something needs to change: working environment, new recruits or company expectations. The situation in the future can be that it is not the employees who adapt, so the workplace might need to change according to modern needs. Morgan (2008) argues that companies should take this seriously and survey what they could do better to retain top talent. Morgan's (2008) argument of taking retention seriously is backed up by Glen (2006, p. 37) who states that for many companies the retention of key skills, employee engagement and to some extent also employee motivation and attendance are key operational and even strategic issues.

Glen (2006) suggests that companies should take a more holistic view in their employee engagement planning to manage the required key elements in order to enhance motivation, attendance and employee retention. Another way, and a more common approach to look at this, is to think of a series of "predictors" which need to be consciously managed; in some cases it could be incurring additional cost and in some incurring incremental cost, but with potential return when dealt with correctly. Companies with large cash reserves seem to find spending money the easiest way to sustain employee motivation, by salary increases and benefits or in some cases offering e.g. MBA training. Glen (2006, p. 38) then argues that financial compensations are not enough in the long run and there are other more sophisticated ways to keep these "high flyers" within the company and he has listed his nine employee engagement predictors to be: organizational processes, role challenge, values, work-life balance, information, stake/leverage/reward/recognition, management, work environment and product/service. These predictors by Glen (2006) can be further compared with Holbeche's (1999) research of motivational factors that are presented in the following paragraph.

Holbeche (1999, p. 179) researched 830 participants in UK companies, to find out what are the major motivators for these employees to stay within their current company. In this research it was found that 84 percent put financial rewards as the number one motivator and 78 percent interesting work. An Interesting difference in employee retention motivators was within the group of “high flyers” Holbeche (1999), where financial rewards was a drastically lower motivational factor (4% are motivated by money) than within the sample of average respondents. The top motivators for the mentioned “high flyers” group are shown in Figure 3.

Figure 3. The top motivators for “high flyers”



Source: Holbeche (1998), p. 179

From the survey results (Holbeche, 1998, p. 179) presented in Figure 3, it can be seen that personal achievement and challenge are the primary sources of motivation for “high flyers”. Also interpersonal matters such as recognition by others and team working elements (helping others to succeed) seemed to be rather important for the respondent

group. This chart shows that from a strategic point of view, to keep these often business wise very important “high flyers” motivated and within the company, the basic rewarding system as the key source of motivation should not be kept as source for motivation.

One commonly used method of employee retention is internal marketing that is a way to create a workforce that is hard for others to imitate (Bachaus & Tikoo 2004). This can be found as a valuable point, since differentiation as an employer helps companies to differentiate from others in the eyes of potential employees and due to that generate competitive advantage. Bachaus and Tikoo (2004) explain that internal marketing is done by systematically exposing workers to the value proposition of the Employer Brand and the workplace culture are molded around the corporate goals, enabling the company to achieve a unique culture of doing things in the way company prefers. Internal marketing is important for a company to keep up the brand image that it has established externally. Internal marketing is somewhat out of research scope of this study, but is worth mentioning as a part of future research suggestions.

2.3 Employer Branding

Brands are among firms’ most valuable assets and as a result brand management is a key activity in many firms. Most often the focus has been towards corporate branding, but now firms have noticed that branding can be also used in the area of human resources management (Backhaus & Tikoo, 2004). Simon Barrow and Richard Mosley who are seen as the pioneers of Employer Branding have published one of the very few books discussing Employer Branding named *The Employer Brand* (2004). In their book they argue that while many employers have noticed the benefit of valuing their employees as they value their customers, there is lack of standard practice when it comes to Employer Branding planning (Barrow & Mosley, 2005). To find out, in later parts of this research, what the position (i.e. practice) of Employer Branding in Finnish companies is, the fundamentals of Employer Branding are first studied.

First, this Section starts by definitions of Employer Branding and then continues with the focus on what are the main benefits of Employer Branding introduced by Barrow and Mosley (2004), and discusses how current literature introduces the practice of Employer Branding. Secondly the main benefits are discussed in order to understand what the reason behind applying Employer Branding is and later the discussion of Employer Branding practices provides key ideas on how Employer Branding is taken as a part of business planning. When reading this Section 2.3, it should be remembered that the provided practices and core benefits can vary between industries and companies.

2.3.1 Definitions of Employer Branding

Below some of the existing definitions of Employer Branding are presented to formulate a scope of the existing knowledge of the field.

Backhaus & Tikoo (2004, p. 501) finds that “Employer Branding represents a firm’s efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer”. This definition sees that these two different elements, internal and external branding, are under the top block of the pyramid, Employer Branding.

Chhrabra and Mishra (2008, 57) have defined Employer Branding in the following way: “Employer Branding is the process of creating an identity and managing the company’s image in its role as an employer. An organization brand lives in the minds of its customers –its employees. The customers may have positive or negative association with the brand.”

Berthon et al. (2005, p. 151) see Employer Branding or employer attractiveness as a component under internal marketing which specifies that an organization’s employees are its first market. Further on they define that “employer attractiveness is defined as the

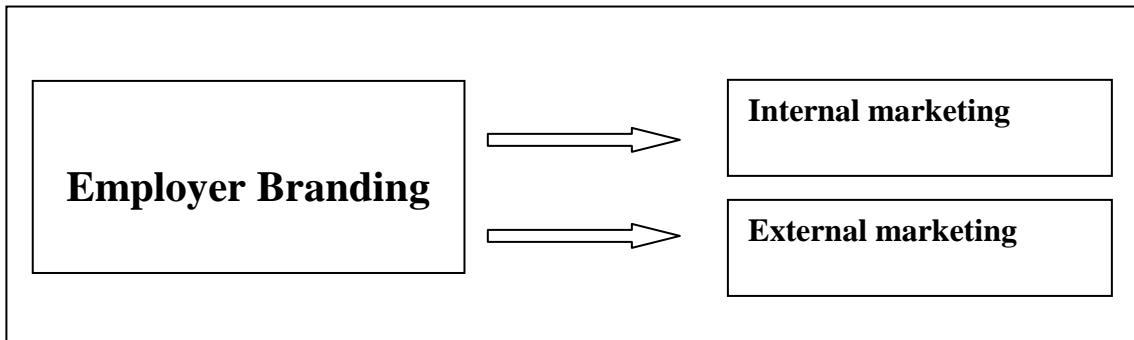
envisioned benefits that a potential employee sees in working for a specific organization”.

Davies (2008, p. 667) defined Employer Branding shortly as follows: “employee or Employer Brand, i.e. the set of distinctive associations made by employees (actual or potential) with the corporate name”. Stating “actual or potential” in the brackets suggests that Davies sees internal and external marketing both gaining from branding and due to that as a tip of the pyramid. This definition relates closely to Backhaus & Tikoo’s (2004) definition above.

Gaddam (2008, p. 49) argues that Employer Branding is a “concept where the demand is for skills and competence” and continues “by creating brand images, employers are struggling to differentiate themselves in both internal and external environment”. The main message here is also that Employer Branding is about branding a company to current and potential employees.

Of these four definitions it can be seen that despite the early maturity of the Employer Brand as a term, it is still rather homogenous by the way how it is defined. The only definition that has a slightly different approach was from Berthon et al. (2005) where they first separate internal and external markets and then place Employer Branding under internal marketing. Later on, Berthon et al. (2005) argue that Employer Branding is also about “benefits that a potential employee sees in working for a specific organization” which brings their vision of Employer Branding to the same scope as the other definitions. By following the main stream of the definitions above, the scope of Employer Branding is divided as can be seen in Figure 4.

Figure 4. Employer Branding scope



Source: Modified from Employer Branding definitions of: Backaus & Tikoo (2004), Berthon et al. (2005) Davies (2008), Gaddam (2008).

In the following Section 2.3.2, Figure 4 is developed further when different elements of Employer Branding are discussed.

2.3.2 Practice of Employer Branding

The idea of Employer Branding comes from the assumption that human capital brings value to the company and through well handled investment in its human capital the company's performance can be improved (Backhaus & Tikoo 2004, p. 503). The resource-based view (RBV) discussed earlier suggests that characteristics of a firm's assets can contribute to sustainable competitive advantage and it is consistent with Backhaus & Tikoo's (2004) argument above as possession of resources that are rare, non substitutable, difficult to imitate and valuable which give companies advantage in contrast to their competitors (Backhaus & Tikoo 2004, p. 503). Commonly company assets, other than human capital, have been considered as important resources in creating competitive advantage (Priem & Butler, 2001) but the current technological society cannot be beneficial without talented people. For example, Boxall's (2003) studies have shown the importance of human resources. He argued that a company with

the latest network facilities just cannot achieve its competitive advantage without highly competent people to utilize them.

To attract the best possible workers, companies need to apply external marketing of the Employer Brand to implicate that “We are a company of choice” as the general assumption is that a distinctive brand attracts better human capital to the company. (Backhaus & Tikoo 2004, p. 503). Usually it is assumed that these employees start their careers in the company with a favorable image of the employer, which has a positive influence on their work and commitment.

Backhaus and Tikoo (2004) found out that Employer Branding campaigns can be used to change perceptions of the firm and this concept of psychological contract and its effect on the employee organizational relationship shows another foundation for Employer Branding. The traditional framework of psychological contract is between employees and employers, where workers give the promise of loyalty to a company in exchange for job security (Hendry & Jenkins, 1997). However, it has been founded by Backhaus and Tikoo (2004) that the recent trend of downsizing, outsourcing and flexibility on the part of the employer has brought out a new form of psychological contract, in which employers provide employees with marketable skills through training and personal development in exchange for effort and flexibility. To tackle the problems incurred by current trends of downsizing and outsourcing, companies have used Employer Branding to advertise the benefits they still offer, such as training, career opportunities, personal growth and development. In general this type of message has been difficult to get through to current or potential employees, so Employer Branding campaigns are used more commonly today (Backhaus & Tikoo 2004; Mosley, 2007). It should be noted that Bachkaus & Tikoo’s (2004) research is conducted in United States, so their findings of the current Employer Branding trends do not necessarily apply in the Finnish corporate environment.

Employer Branding can help companies to achieve three common goals: lowering costs, increasing customer satisfaction and ultimately, delivering higher than average return on investments and profitability (Barrow & Mosley, 2006). However, major benefits of

Employer Branding are, according to Hewitt Associates (2001), generally cited as being enhanced recruitment and retention. This argument is supported by Barrow & Mosley (2006) who additionally stated that employee engagement/ commitment are among the key benefits of Employer Branding.

When it comes to the practices of Employer Branding, there are several factors that enable or hinder a company to gain the benefits listed above. Those factors, or qualities, can be divided into internal and external qualities (Barrow & Mosley, 2006). External qualities include factors like external reputation, pool of potential employees and ranking against other companies Employer Brand. On the other hand, internal qualities include elements such as recruitment and induction, reward and recognition, employee satisfaction, working environment and learning and development. (Barrow & Mosley, 2006; Burman et. al, 2007; Mangold & Miles, 2007.) In addition, a company's size, industry and location can also be considered as a company's internal qualities as employer (Mangold & Miles, 2007). The most important internal qualities will be used in the empirical part of the study.

In the following Chapter 3, we will look into corporate strategy to see how benefits of Employer Branding and corporate strategy can be linked together.

3. Corporate Strategy and Resource-Based View

Concepts of corporate strategy and the resource-based view are the main topics of this Chapter. The Chapter starts by defining the concept of corporate strategy and then the linkage of corporate strategy and people is established based on earlier literature. Next, the resource-based view is introduced which is the foundation of linking corporate strategy to human resource management. Finally distinctive elements of the Finnish business environment are discussed to understand the structural background where Finnish companies are operating in.

Topics of sub-research questions “What is resource-based view and how is corporate strategy linked to it?” and “What are distinctive qualities of Finnish companies?” are discussed in this Chapter.

3.1 Corporate Strategy

This Section presents the most common concepts of corporate strategy and its connection to Employer Branding. The concept of corporate strategy has much longer roots than Employer Branding and is therefore a more discussed and researched field of study. The general view is also that in order for an initiative (Employer Branding in this matter) to get resources and needed attention to develop further from the idea phase, it needs to be part of some overall strategy. This is why we now look further into the idea of corporate strategy.

3.1.1 Defining Corporate Strategy

The field of strategy has been shaped around framework first introduced by Kenneth R. Andrews in his well known book *The Concept of Corporate Strategy* (1971). Andrew's implication of strategy was that it is a match between what a company can do (organizational strengths and weaknesses) with the limitation of what it might do (environmental opportunities and threats). Later on Michael Porter's influence to the strategy debate cannot be argued and his book *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (1980) is seen as a particularly important breakthrough within the field of strategy research. Porter's most interesting input to this field of study was his structure-conduct-performance paradigm of industrial organization economics. The essence of Porter's model was that the structure of the industry sets the context for companies to conduct their strategy and the structural forces (five forces by Porter) determined the profitability of the industry and via that the impact on the corporate strategies (Collis & Montgomery, 2008.) In this research it is also important to understand that industry can have a big effect on the image of a company's strategy and later on to the brand as well.

The most commonly seen issue associated with strategy is the long-term nature of it. Strategic decisions are made through careful planning and complex thinking because long-term decisions have long-term effects for the company. Strategy also defines the scope of an organization's activities (what they do and how), advantage and appropriate positioning in their environment (competitiveness and market needs), resources and competences (leveraging what they do best) and also the values and expectations (usually top management sets these). (Johnson et al. 2008, p. 3).

Johnson et al. (2008, p. 3) state that "strategy is the direction and scope of an organization over long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations". The most interesting part of the previous definition is the aspect of long term activities that were also discussed in Section 2.1.1. Cynthia

Montgomery & David Collis (1998) look into strategy from a more simplified view in their research of *Creating Corporate Advantage* (1998, p. 71) where they state that “Most companies are the sum of their parts and nothing more”. By this statement they want to make explicit the strong route to corporate advantage that can only be created by careful long term, strategic planning.

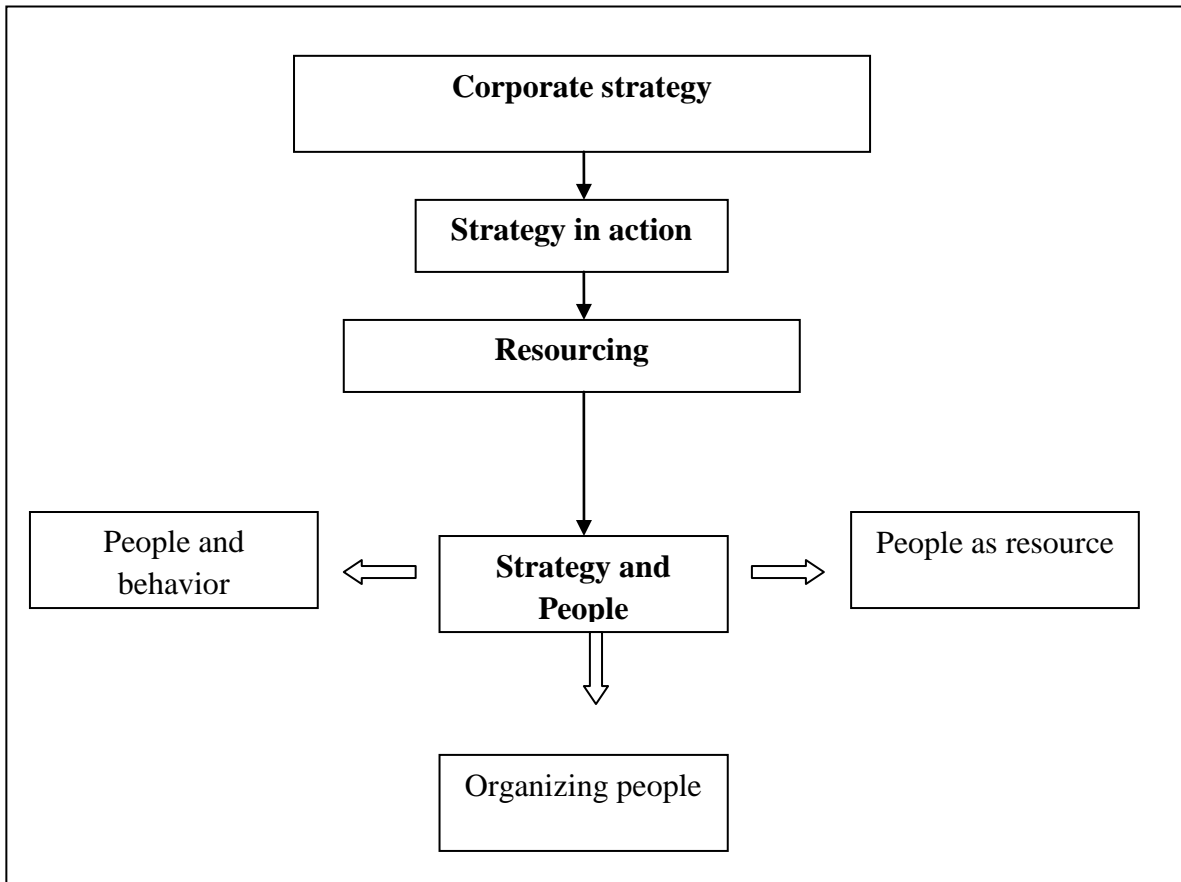
To open up these definitions and how strategy, resources and people are linked together with the structure of corporate strategy and how it narrows down to people is explained in the following Section 3.1.2.

3.1.2 Corporate Strategy and People

Corporate strategy consists of a strategic position (environment, purpose, culture and capability), strategy in action (processes, resourcing, practice, changing and organizing) and of strategic choices (business level, international, evaluation, innovation and corporation) (Johnson et al. 2008, p. 41). Strategy in action is the most interesting one for this research, since it contains the element of resourcing. Johnson et. al. (2008) defines that companies can have four different resource areas that are people, information, finance and technology and all these are supporting overall strategies since they are built on these elements. (Johnson et al. 2008, p. 41).

Resourcing strategies fall into four categories as mentioned in the previous paragraph (people, information, finance and technology) of which people is the one that is discussed in this research. The flow from Corporate Strategy to people is illustrated in Figure 5.

Figure 5. From corporate strategy, to strategy & people flow chart



Source: Modified from Johnson et al. (2008, p. 476) Strategy and People model

Figure 5 shows how the corporate strategy links to strategy and people and divides further to people as a resource, organizing people and people behavior that are the more specified elements of discussion from here on.

Johnson et al. (2008) argue that possession of resources does not guarantee strategic success. It depends on the way the resources, including people, are managed, controlled and motivated to create competences. Much of this can be done by performance management that has become an increasingly important factor in today's fast changing business environment. In addition to traditional HR activities strategic HR management has audits to assess HR requirements, goal-setting and performance assessment of

individuals and teams (360° multi-perspective reviews), team effort rewards, recruitment and retention (ensuring of having a pool of talented people) and strategic training including mentoring (to support self development) (Johnson et al., 2008, p. 478). One character of modern training and mentoring is having mentors from lower levels of the organization that do not just work as “the eyes on the field” but can also provide valuable insight to more senior employees. This type of 360° mentoring has recently gained interest in the corporate environment and in business press and academic literature.

The second element of people strategy presented by Johnson et al. (2008) is People and Behavior. The main rationale in this is that people are not like other resources since they affect strategy by their competences and also via their collective behavior. This means that managing only one part, competence or behavior, does not necessarily have the intended effect. This softer side of HR management could include understanding how to change and manage organizational paradigm (cultural issues), understanding rationale behind behavioral choices and how difficult it is to change them, and the skill of being flexible in managing styles in order to deal with a wider variation of people. Internal and external networks of personal contacts can be of help by being on the sharp edge of leading knowledge and can be supported by “hard-side” HR activities such as rewards and mentoring. (Johnson et al. 2008).

Third element of Strategy and People as a part of corporate strategy by Johnson et al. (2008) is Organizing People that explains the importance of having a separate HR role within organization. In this type view, the strategic HR role is supported by the success of the business. The four main roles of HR to bring value to company are stated by Johnson et al. (2008, p. 476) to be the work as a service provided (recruitment and training) to line managers, setting rules to line managers of how to promote and pay, to work as an advisor in order to follow the overall strategy (best practice) and being the change agent taking organization forward in fast changing environment.

It is quite easy to agree with these strategic elements introduced by Johnson et al. (2008) since on paper most of these elements need to be fulfilled if a company wants to

be successful (e.g. a company cannot survive without recruitment or training). The question that remains open is how these strategies are positioned in a real company environment, despite it being commonly expected that many companies have stated these rules and responsibilities in their strategy.

3.2 Resource-Based View

This section is about the resource-based view that ties a company's strategy and resources closely together. The section starts by defining the resource-based view and introduces the early contributors of the field of study.

Edith Penrose's book *The Theory of the Growth of the Firm* (1959), is considered by many strategy scholars (e.g. Wernerfelt, 1984; Teece, 1982; Rubin, 1973; Slater, 1980; Burgelman 1983; McGee & Thomas, 1986) to be the shaping work that provided the intellectual foundations for the contemporary resource-based theory of the company (Rugman & Verbeke 2002). The influence of the resource-based view (RBV) began during the 1980's and has been increasingly viewed as a broad church that offers the potential to bring together a number of different theories of the firm (Lockett, 2005). Penrose's (1959) theory has developed in to various directions during the time and for this research the most important ones are sustainable competitive advantage approach and knowledge based view. The sustainable competitive advantage approach was developed by the likes of Rumelt (1984), Barney (1986, 1991) and Peteraf (1993) and is closely related to long-term planning (that is one of the key elements of strategy as discussed earlier in this research) and knowledge based view that is tied with the human resource management issues. These two directions of Penrose's resource-based view are the base of the discussions and implications in this Section.

The resource-based view had shown up as the dominant paradigm in strategy research during the past 15 years or so (Lockett, 2005). The idea of the RBV of the firm is in recognizing what types of resources are most significantly associated with company

performance (Galbreath & Galvin, 2004). From the previous statement it could be suggested that right resources are tied to company's overall profitability. In particular the resource-based view has focused on the role of each company's unique experience in accumulating resources and capabilities that shape its opportunities to earn rents (Lockett, 2005). In this case resources can be considered to be anything that can be thought of as a strength or weakness for a given company. More precisely, a company's resources at a certain point of time could be defined as those (tangible or intangible) assets which are tied semi-permanently to the company. Examples of resources listed by Wernerfelt (1984, p. 172) are: brand names, in-house knowledge of technology, employment of skilled personnel, machinery, trade contacts, efficient procedures, capital, etc. It is notable that of the listed resources, only in-house knowledge and employment of skilled personnel have straight connection to human resources, but it can be also argued that most of the listed resources above are a result of skilled employees.

Wernerfelt (1984) stated that resource-based views of a company can be a collection of productive resources that are defined as anything that is a strength or weakness of the company. This theory is missing the ideology of long-term thinking that was part of the Hamel & Prahalad's (1990) core competencies and also the result of Barney's (1991) theory that seeks competitive advantage which is based on the ownership of firm specific resource(s) with following elements: it must be valuable, it must be rare, it must be inimitable and it must be non-substitutable Wernerfelt (1984, p. 173). Linking to this research paper, all these elements can be highlighted as highly important. Other authors (e.g. Peteraf 1993) find the resources that can limit competition as the main point of their arguments. Also this argument fits well to the theme of this research paper due to the argument that employees as a resource are highly competed for in today's knowledge economy.

Due to the fact that most of Penrose's work was done several decades ago, her descriptions are mostly related to the manufacturing industry like the following citing implicates:

“In a competitive and technologically progressive industry a firm specializing in given products can maintain its position with respect to those products only if it is able to develop an expertise technology and marketing sufficient to enable it to keep up with and to participate in the introduction of innovations affecting its products.” (Penrose, 1959, p. 132).

This industrial focus is worth to note, when it is argued that most of the resource-based view studies are based on Penrose’s earlier work whereas this research paper is focused more on the intangible resources, such as brand and later on to Employer Brand. Also the focus in the resource-based view is more on creation than on sustaining that could result competitive advantage in the long run as argued by Lockett (2005). Here it has to be still remembered that Penrose’s input resource-based view was what brought it to the modern age by adding there views of organization elements, knowledge, experience and skills to the foreground.

In the resource-based view the focus was aimed towards the internal context of the organization from the external one that had been the major concern of debates by the earlier discussion. Authors started to argue that companies should focus on acquiring, deploying, developing and retaining resources rather than fighting for competitive position on their market (Colbert, 2004). As a result of the resource-based view the emphasis was on the crucial role of organizational resources and capabilities, which were taken as a strategic foundation of the company’s primary source of competitive advantage (Buciuniene & Kazlauskaite, 2008). Similarly the establishment and sustainability of a competitive advantage is resting on the company’s ability to determine, develop and take care of core competences which are the result of collective learning in an organization (Hamel & Prahalad, 1990), while Lado and Wilson (1994) proposed that the creation of competitive advantage needs organizational competencies including all firm specific resources and capabilities helping organizations to develop, choose and implement strategies enhancing total value (Buciuniene & Kazlauskaite, 2008). One of these organizational competencies or firm specific resources is the company’s employees and that will be discussed further on in the next Section in the form of human resources as competitive advantage.

3.3 Finnish Business Environment

This Section on the Finnish business environment is important for this research in order to understand the foundational background where companies located in Finland are operating in. Also it is valuable to note if there are any differences to the origins of the literature that has been used in this research. This Section will start with the explanation of the Finnish business environment and then go on further to look into Finnish corporate culture.

Finland along with the other Nordic countries can be categorized as a welfare state with high social security, gender equality and solidarity in wage policy as well as expansion of the public sector. Almost six million people live today in Finland and they are all under the same system. The main characteristics of the Finnish welfare system are its universality and generosity; the same as in other Nordic countries. The social security system is strongly employment-related in continental Europe; this is not the situation in Finland. The main difference can be found to be that the legal obligations of employers are marginal: “the prominent social objectives of the welfare system are still being attained – but at a cost that the abruptly-diminished number of tax payers can hardly afford any more.” (Vanhala, 1995, p. 31.)

Trade unions have a strong position in Finland and unionization rate is high. In comparison with other Nordic countries Finland is more vulnerable for strikes, indicating stronger class conflicts, but also a different type of labor relations culture. Employees stand up easily against the employers unions. This situation of “dual battle” or “dualization” has strong roots in Finnish history. Finland has always been at the edge of Scandinavia, next to Russia. In the earlier days Sweden had its dominant position over Finland and later Russia until 1917 when Finland got its independence. Positioned between Eastern and Western cultures has left marks on the Finnish society and many dualization traces on Finnish culture. As the most prominent implications can be seen two state churches and two official languages: Finnish and Swedish. (Vanhala, 1995, p. 31-32.)

Finnish companies and working life underwent strong structural changes in the 1980's and in the early 1990's. Internationalization of the companies was in fast pace and companies invested heavily on R&D and new product technology, companies also adopted new labor policies and the reorganization of operations. Finland's membership in the EU in 1995 has also made a difference in business life. In earlier days Finnish companies were well known for high job security, personnel benefits, but the new culture of cost-effectiveness changed the old norms. Also the monopolistic state owned companies such as Alko (alcoholic beverages), ImatranVoima (electric power generation and distribution) and Valtionrautatiet (the national railways) have been compelled into reorganization and reorientation. This has changed the environment to be more favorable for flexible employment relationships meaning more part-time and/or short-term contracts. (Vanhala, 1995, p. 35.)

The forest sector is a dominating business sector in Finland. Telecommunications is also major industry today after the introduction of Nokia which has had a strong influence on the creation of many small technology business supporting companies. Still the forest industry remains stronger due to the high proportion of small companies and traditional, relatively large state owned enterprises. Other important branches of Finnish industry are engineering, chemicals, textiles and clothing, and the basic iron and steel industries. Finnish companies tend to be small and the deep recession of the early 1990's has strongly affected the amount and profitability of companies. The recession was deepest and longest since the Second World War. Today Finland is ranked as 35th wealthiest nation in the world when looking at GDP per capita (CIA, 2011). The other typical feature is a relatively large state involvement in the business sector through direct ownership of enterprises. Agriculture was a major player in Finland in the early 20th century, but Finland has changed in 40 years to a modern industrial and service society. (Vanhala, 1995, p. 36-37.)

The Finnish educational system has been constructed by following the same principles as the welfare system offers. Due to this the general level of well educated people in the working life is relatively high. The school system is supported by pre-primary non-compulsory educational system offered by kindergartens. The Finnish educational

model offers free opportunity for college and university studies that encourages people to continue studying after completion of their comprehensive school. This system creates wide potential high-educated employees to Finnish companies. (Vanhala, 1995, p. 48.)

What can be seen here is that the Finnish business environment is today at a modern level and due to the well supported education system companies in Finland are likely to find potential knowledge workers also in the future. Here we have to still remember that despite the current maturity level of the Finnish business environment, the history of this business environment is very short in comparison for instance to USA or the United Kingdom, where most of the cited scholars have been conducting their researches. As stated earlier in this Section of Finnish business environment started its strong growth after Second World War that happened just 60 years ago and due to this, our corporate culture in many companies is not well developed, although the infrastructure around and in these companies may seem to be very mature and modern.

3.4 Framework of the Study

In this Section a short summary of the literature review is presented to understand the theoretical framework that will be constructed based on previous Chapters. Additionally, the scope of the study is outlined here.

Chapter 2 began with a discussion about brands - what are they and what they can be used for. It was founded that a brand can be used as a strategic tool and they show remarkable value as intangible assets. Second, strategic human resource management was discussed and the elements of the recruiting process outlined. Further on, Chapter 2 focused on the main research topic of this study, Employer Branding and how it can be used in practice. Earlier literature suggests that Employer Branding helps companies e.g. to differentiate themselves as an employer and thereby find the right type of talents

they are looking for. However, it was also noted that Employer Branding is not yet a widely spread concept and the field needs further studies.

The Chapter discussing corporate strategy and resource-based view introduced two fields of study that relate closely to the concept of Employer Branding. Earlier literature suggests that in order to have a high Employer Branding level in a company, Employer Branding needs to be linked closely to a company's overall strategy and it requires a high level of human resource department's involvement. The resource-based view is also a strategic approach that helps companies predict what types of resources are most significantly associated with company performance.

In Section 3.3, the Finnish business environment was discussed in order to understand better the foundation and environment where Finnish companies have developed over time and if there are elements that can affect the questionnaire survey responses of the study. It is also assumed that the Finnish business environment can explain some of the differences between companies that are headquartered in Finland and abroad.

Based on the literature the theoretical framework presented in Figure 6 depicts the factors that are assumed to affect the position of Employer Branding in large Finnish companies. The questionnaire survey will be constructed based on the framework.

The framework is divided into three categories that influence the positioning of Employer Branding (see Figure 6). First, the company's internal qualities as an employer refer to the factors that create the conditions to Employer Branding from within the company. In this context, the company's external qualities as an employer affect those conditions as well but the external view is excluded from the scope of the study. Internal qualities include the recruiting process, employee satisfaction, the company's industry, company's nationality, size and form of the company.

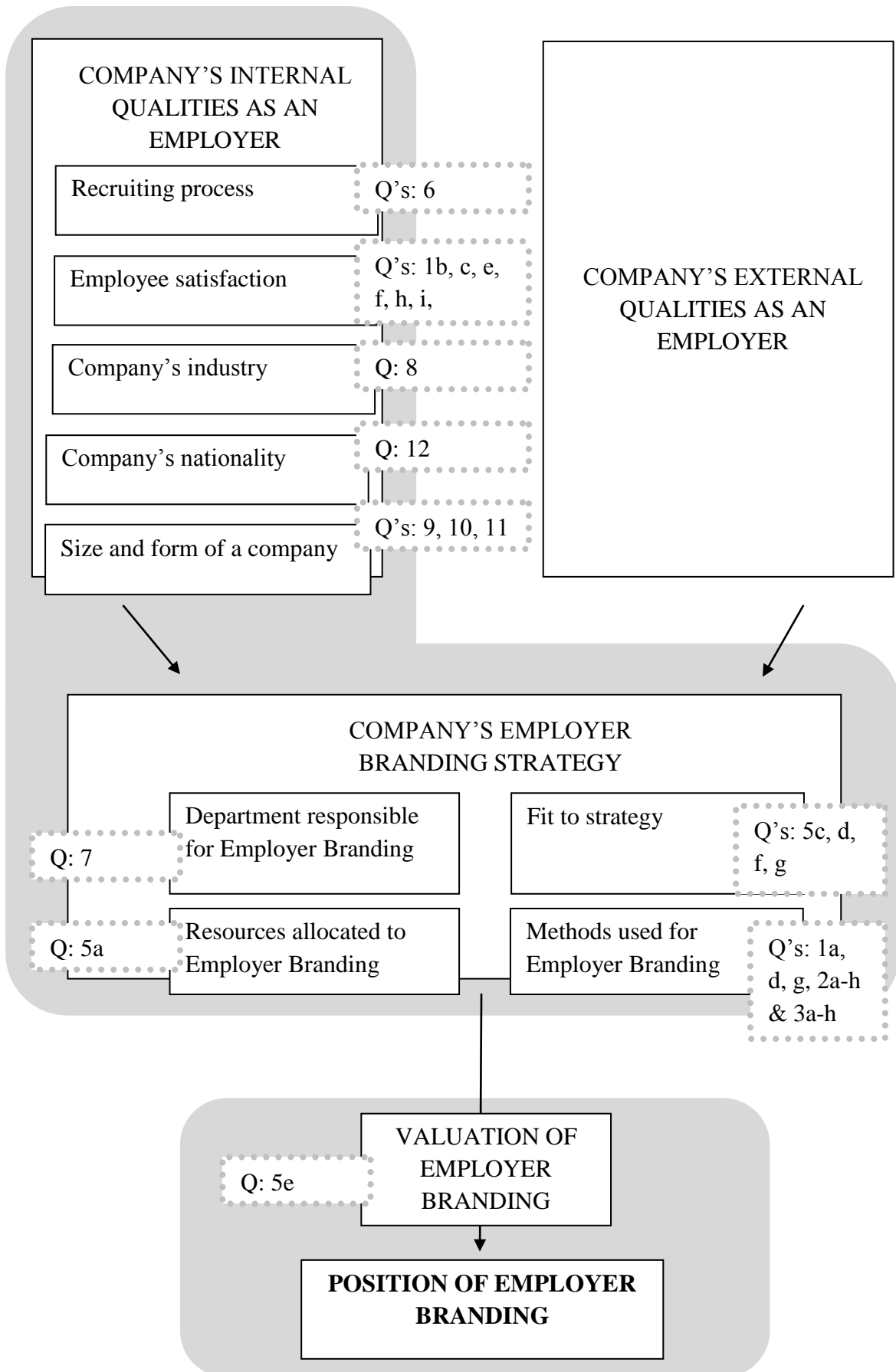
The second category of the framework is the company's Employer Branding strategy. The category is divided into four parts: department responsible for Employer Branding, fit to strategy, resources allocated to Employer Branding and methods used for Employer Branding. These decisions are assumed to reflect the chosen Employer

Branding strategy. The third category represents valuation of Employer Branding and finally the position of Employer Branding in a company. Valuation of Employer Branding means how important Employer Branding is seen in a company. Thus, it implicates the actual role of Employer Branding in a company. The valuation of Employer Branding leads us to find out the position of Employer Branding.

The flow in the framework goes from a company's internal qualities as an employer to the company's Employer Branding strategy and to the position of Employer Branding. Valuation of Employer Branding functions as a filter indicating the real commitment to Employer Branding strategy.

The scope of the study is shown in Figure 6. The grey background indicates the scope that is taken into the final questionnaire. Finally, the respective questions of the survey questionnaire are marked in the boxes with dashed lines. These questions are introduced and discussed in Chapter 5.

Figure 6. Framework of the study and research scope



4. Methodology

In this Chapter a selection of research methods and data collection procedures are presented. Additionally, the used statistical analysis method's validity and reliability of the study are discussed.

4.1. Selection of the Research Method and Data Collection Procedures

To achieve a good overall picture of the current position of Employer Branding in Finnish companies, a quantitative research approach was chosen. In this Chapter, the selection of research methods is presented and quantitative data collection procedure is identified,

4.1.1 Selection of the Research Method

The research topic is looking into company level actions that are defining the position of Employer Branding. The data is obtained at company level in order to find out differences or similarities in the behavior of the selected companies. The data in this research was collected once, so it is a cross-sectional study (e.g., Malhotra & Birks, 2007) and was conducted as an empirical study from the selected pool of companies.

The procedure of data collection was structured, thus a fixed questionnaire with fixed answer options were used due to this type of consistent data being easier to analyze with various data analysis tools and it reduces the variability that would be caused by differences in interviews. The company listings were retrieved from the Talouselämä (2008) Top 500 companies list. Then, the selection was scanned to find the companies that had a turnover of over 250 million Euro and the final criterion was chosen to be the amount of employees over 250. These criteria were set to have a sample frame of

companies with required amount of assets to invest into activities such as Employer Branding. The set minimum of 250 employees is also the requirement set by European Union for a Finnish company to be seen as large (European Union, 2003). By these means the sampling frame consisted of 190 companies, each having over 250 employees and over 250M€ annual turnover (2008).

4.1.2 Data Collection Procedure

The chosen 190 companies were contacted first via phone between October-December 2008 followed by an e-mail with a web link to the survey. Because of the rather limited number of applicable companies, it was decided to use a combined strategy, phone calling and e-mail, to get as many respondents as possible to take part in the research.

First, a general decision was made to call each of the sample frame's companies' reception to ask who is responsible in this company for the recruiting activities. This procedure gives a similar sample of respondents representing different companies. Further on when the person who was responsible for recruiting activities answered on the phone, it was asked again if they were responsible for recruiting activities in that current company and if they want to take part to this research. After the approval and getting usable email address (or denial), the link to the research was sent via email with the cover letter explaining shortly what the questionnaire was about and the link to the survey.

In total, 115 company human resource management representatives were reached and 103 surveys sent. In addition to these, 42 cold contact mails were sent to the addresses provided by company receptions. Of these 157 contacts, 48 filled in the whole survey. Of the responses 45 matched the set scope and constitute to the sample size of this thesis with a 24 % response rate.

4.1.3 Questionnaire

The questionnaire was conducted based on the theoretical framework of this study. To get the highest possible response rate and to avoid mistakes as a result of language difficulties, the survey was written in Finnish and then later translated into English. This translation work was taken account in the initial planning phase of the questionnaire so that any data or results would not be lost due to translation in that phase. The questionnaire was pre-tested with Helsinki School of Economics students and by 2 company contacts before the start of the actual survey.

The survey was conducted as an online survey by using an online questionnaire provider Kyselykone (<http://www.kyselykone.fi>). The respondents got to the questionnaire by clicking on the link sent to them via e-mail. The questionnaire was open, so no credentials were required to log in and the address was hidden, in order to minimize the risk that someone would end up seeing or responding to the questionnaire accidentally.

The questionnaire had 13 sections totaling 54 questions (see Appendix 1). Most of the questions had a 5-point Likert attitudinal scale. Answering to the survey was calculated to take 8-15 minutes.

4.2 Statistical Analysis Methods

For this research, frequency distribution analysis is used for all questions and then the results are further researched by using T-tests. Also different charts are drawn to demonstrate the results.

With frequency distribution each variable can be examined at one time. The aim is to find the number of responses associated with each possible answer option. A frequency distribution of different values of the variable can be expressed in percentages (Malhotra & Birks, 2007, p. 526).

In this research the t-test method is used to test differences between means. Part of the key assumptions in the t-test is that the groups formed by the independent variables are moderately equal in size and have similar variances on the dependent variable. It also assumes that the dependent has a normal distribution for each value category of the independents (Garson, 2009). These assumptions are reasonably met in many data analysis situations (Malhotra & Birks, 2007, p. 555). When using the t-test a large size of the sample gives more reliable information (Garson, 2009) and this is taken account in this research where sample size is medium.

The t-test is a hypothesis test that uses the t-distribution to evaluate the sample means of two groups in order to decide if there are significant differences between the two population means. The t-test is used for data that has a single measurement of each element in the sample or if there are several measurements, that only one is analyzed at a time. T-distribution is a symmetrical bell-shaped distribution and the t-test is often used when sample size is small, standard deviation is unknown and sample is reasonably normally distributed. (Malhotra & Birks, 2007, p. 526).

The T-test is often used for samples smaller than 30, but in this case the sample size is not significantly larger than that (n=45), especially when segmented, so the t-test fits well into the needs of this research. This is because the t-test can e.g. be used to evaluate differences between respondents that have similarly sized company but headquarter is

located in Finland or abroad or to compare companies that are privately or publicly held.

4.3 Validity and Reliability

Next the validity and reliability of this exploratory research is discussed. Validity refers to the degree to which the questions measure what they are measuring. Validity of questionnaires can be pilot-tested to eliminate and identify any occurring problems before administering the questionnaire. Another way of ensuring validity is to use questions from previous researches. In this research, the pilot-testing method of research was used to ensure validity was found to be the most suitable option for exploratory research. (Malhotra and Birks, 2007, 159.) However, this questionnaire has not been used for earlier studies and due to this, validity cannot be ascertained by this measure. Content validity refers to the extent to which the questionnaire sufficiently covers the whole domain of what is being measured (Malhotra & Birks, 2007, 314). To achieve the best possible content validity, a comprehensive literature review was conducted to grasp the essence of brand and roots of Employer Branding via the resource-based view.

Reliability refers to the consistency in reaching the same results when the measurement is conducted several times. It can be assessed by determining the total error of research design, that is sampling and non-sampling error, and also response and non-response errors. (Malhotra and Birks, 2007, 159). In the present study the sampling error was minimized by limiting the sample to companies that match the initially set criterion that was explained in Section 1.3. However the sample was limited to those who answered the phone and/ or had a valid email address to receive the link to the research that may represent a small error in the reliability.

This study was based on an online survey so researcher-based errors were minimized as well as respondent-based errors were minimized by careful usage of vocabulary. Length of the questionnaire was also raised as a concern for respondent-based errors as this

questionnaire was formulated to be as short as possible and the necessity of each question was discussed through several times. In addition to evaluating the number and length of the questions, the easiness of understanding, logic pattern of the flow, and readability were carefully measured to minimize the misunderstandings. Also the idea of the questionnaire was communicated to the respondents 3 times in total: first by phone, then by e-mail and finally in the beginning of the questionnaire to minimize the misunderstandings.

5. Results and Analysis

In this Chapter the quantitative analyses are conducted to research the scope presented in the framework of this exploratory research. The objective is to analyze the data in order to find out the current level of Employer Branding by looking into different parts of the set Employer Branding scope that defines the position of Employer Branding in a company (see full list of descriptive statistics in Appendix 2).

The study starts by looking into the company's internal qualities and then the strategic position of Employer Branding in Finnish companies is researched. Finally the role of Employer Branding will be studied. Then in the following Chapter 6 the findings are discussed in relation to the existing literature and scope of this research.

5.1 Company's Internal Qualities as an Employer

Next, a company's internal qualities as an employer presented in the Framework of this study are researched to find out the status of these elements in large Finnish companies and whether the answers varied between different groups of respondents. The data was analyzed with frequency distribution analysis and t-testing of means across subgroup categories.

The elements of a company's internal qualities as an employer and the equivalent questions were: employee satisfaction (questions 1b,c,e,f,g,h,i), recruiting process (question 6), company's industry (question 8), company's nationality (question 12) and size and form of a company (question 9). The size of the company is not researched further due to the construction of the questionnaire where all the respondent companies are large Finnish companies (TO > 190M€ and personnel > 250).

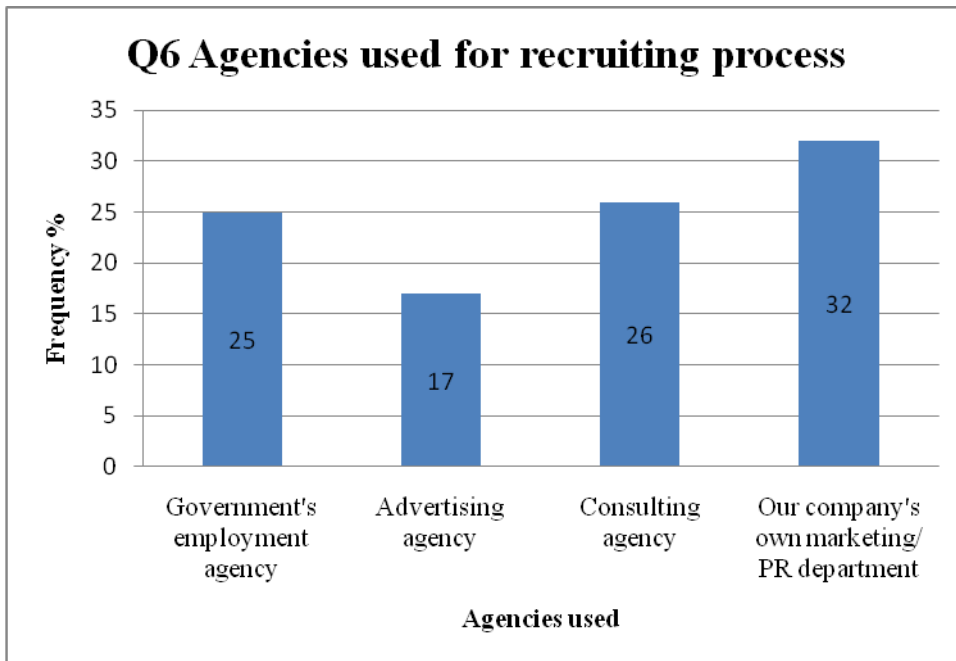
The survey questions related to companies' employee satisfaction are now researched to find ways how companies are enhancing their employee satisfaction and via this, develop their Employer Brand among current employees. Figure 7 presents means how the respondents are most likely to develop their employee satisfaction (on the 1-5 Likert scale). The item with the highest sample mean was rewards and notifications followed by career planning and mentoring and manager development program.

Figure 7. Attitudes towards Employer Brand via employee satisfaction

Scale 1-5: 1=Do not use, 5=Use a lot	N	Minimum	Maximum	Mean	SD
Employee retention program	45	1	5	3,27	1,03
Research of our current Employer Branding level	45	1	5	3,64	1,25
Manager development program	45	1	5	3,87	1,24
Focus group meetings outside company	45	1	5	3,47	1,08
Working environment planning	45	1	4	2,09	1,10
Career planning and mentoring	45	1	5	3,84	0,88
Rewards and notifications	45	2	5	4,24	0,65

Looking into the frequencies of Question 6 in Figure 8 it can be seen that companies' own marketing/ PR department is the most used agency for recruitment process with 32% share of responses, but the difference is small in comparison to other agencies (Government's employment agency 25%, Advertising agency 17% and Consulting agency 26%).

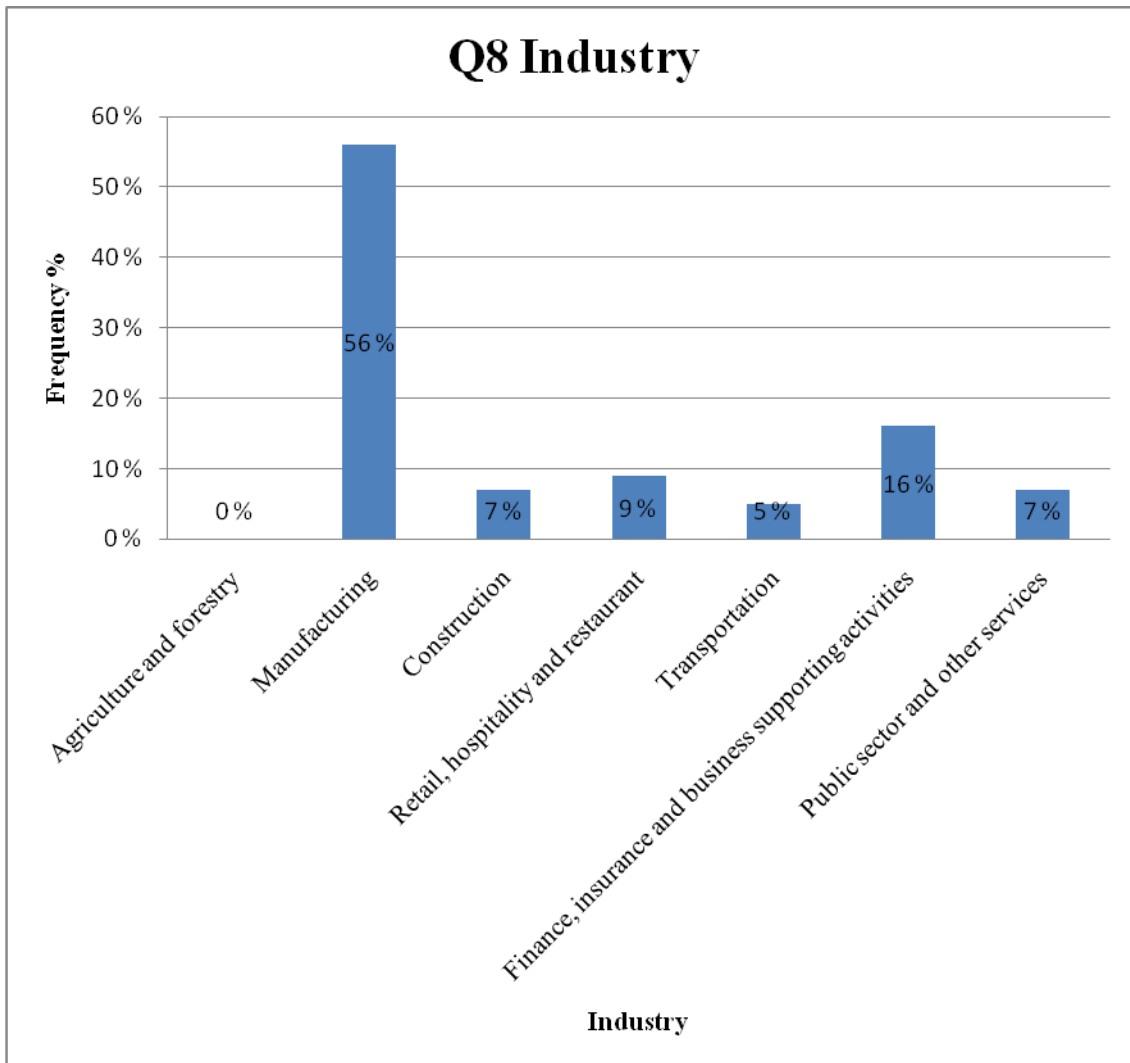
Figure 8. Agencies used for recruiting process



N=45 (excluding: 0)

In Figure 9 we can see the split between industry frequencies of the respondent companies. From there it can be seen very clearly that the Manufacturing industry represents a big part of the sample of companies (56%) when Finance and Business Supporting Activities had the second highest frequency with 16% share of the respondent companies. Retail, Hospitality & Restaurant, Construction, Manufacturing & Public Sector and Other Services industries had almost similar frequencies (5-9%) of the respondents. Agriculture was not represented at all in this research sample.

Figure 9. Respondents' industry frequencies



N=45 (excluding: 0)

As the manufacturing industry represented 56% of the respondent companies, comparing respondents between specific industries is difficult. Although manufacturing represented such a large share of the respondents' industries, it was decided to compare sectors by using a dummy variable distinguishing manufacturing from non-manufacturing. Figure 10 shows the results of the T-test that was done to find out if the manufacturing industry and others have significant differences in the comparison between means of Employer Branding methods.

Figure 10. Media usage differences between industries

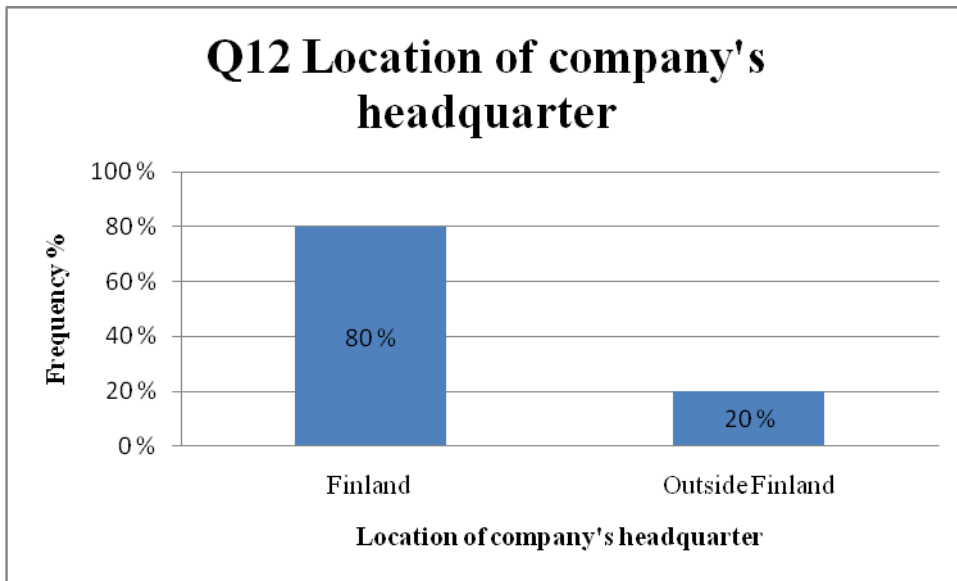
T-test: Differences between Manufacturing and Other industries in future media usage					
Scale 1-5: 1=Don't use at all; 5= Use a lot	Manufacturing		Other		Sig
	Mean	SD	Mean	SD	
TV ads	1,11	0,42	1,61	0,98	0,0000
Radio ads	1,37	0,79	2,11	1,23	0,0007
Magazines	2,81	1,36	3,61	0,92	0,0061
Professional magazines	2,81	1,27	3,83	0,71	0,0001
Free daily newspapers	2,19	1,36	2,78	1,06	0,1707
Fairs	3,59	1,22	3,67	1,14	0,6890
Online ads other than company's own webpage	3,07	1,38	3,61	1,33	0,4186
Online recruiting services/ sites	3,74	1,32	3,89	1,28	0,4962

Significance assumed based on 95% confidence

Figure 10 indicates that manufacturing firms expect to be using less TV ads, radio ads and both professional and other magazines, on average, in relation to non-manufacturing firms. This can be a result from more knowledge intense industries such as Finance and Business Supporting Activities representing the second biggest share of respondents' industries that was shown in the Figure 9.

The research scope was limited to the 190 biggest Finnish companies measured by turnover. Of those companies, it was expected that there are also foreign companies that have operations in Finland, but are headquartered abroad. From Figure 6, we can see that 80% of the respondent companies had their headquarters in Finland and 20% of the respondent companies were headquartered abroad.

Figure 11. Location of company's head office



N=44 (excluding: 1)

The following t-test chart describes how the location of the company's headquarter is related to the respondents' thoughts about: adequate resources available for Employer Branding, if the company is researching its current Employer Brand and if Employer Branding has an important role in a certain company. Figure 12 below presents the means of this analysis and from the results it can be seen that statistically significant was "Enough resources are targeted to Employer Branding" from which it can be assumed that respondents from companies headquartered abroad think that they have more adequate resources put to Employer Branding, in relation to purely Finnish firms.

Figure 12. Companies headquartered in Finland or abroad

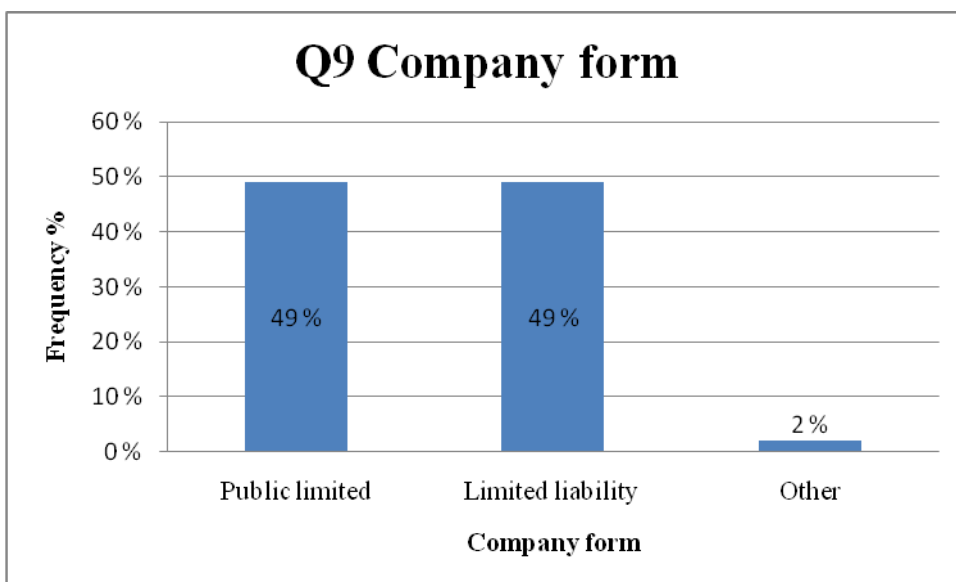
T-test: Differences in role of Employer Branding between companies headquartered in Finland or abroad					
Scale 1-5, 1=Don't agree at all, 5=totally agree	Finland		Outside Finland		Sig
	Mean	SD	Mean	SD	
Enough resources are targeted to employer branding	2,57	1,07	3,56	0,88	0,0145
Recruiting will be more challenging in the future than before	4,00	0,91	4,33	0,50	0,2973
We are developing strategies in order to recruit talents	4,09	0,92	4,56	0,53	0,1506
We are developing strategies in order to keep the talents in our company	4,40	0,65	4,33	1,00	0,8082
Employer branding has important role in our company	3,26	1,22	4,00	1,22	0,1112
It is important to research our employer brand within our company	4,06	0,80	4,33	1,00	0,3860
It is important to research our employer brand outside our company	4,23	0,73	4,67	0,50	0,0982
Our customers are interested of our employer brand	3,51	0,95	3,67	0,71	0,6563
Good employer brand reputation brings in more customers	3,69	0,96	4,11	0,33	0,2023
Good employer brand has positive effect to company's profit	4,06	0,80	4,00	0,87	0,8521
Developing of employer brand is too expensive to our company	2,26	0,98	2,22	0,83	0,9225
Our company is focusing on traditional recruiting	2,89	1,13	2,67	1,32	0,6192
In our company, every department in in charge of their own recruiting activities	2,26	1,09	2,22	1,20	0,9336

*95% Significance at confidence interval

Company size can influence the level of Employer Branding since large companies tend to have more resources than smaller ones. Also the large number of needed employees can force companies to further evaluate their strategy of how to attract potential candidates. As mentioned in the Methodology Chapter 4, for this research only large companies were chosen and the survey's questions 10 and 11 were just to confirm that the respondent companies really fit the set criteria and companies that did not fit can be excluded. Due to this, the effect of company size was not studied further.

The company form was researched to find out if public limited companies', limited liability companies' and other form of companies' opinions towards Employer Branding differ. As can be seen from Figure 13, public limited and limited liability companies represent 98 % of the total pool of respondents and due to this other company forms were excluded due to significantly too small sample size. Notable is also that public limited and limited liability companies represented equally sized shares of the respondents' companies.

Figure 13. Share of company form



N=45 (excluding: 0)

Next, the t-test was performed to examine differences in means between public limited companies' and limited liability companies' usage of employee satisfaction related methods as a form of Employer Branding. From Figure 14 below it can be seen that manager development programs and focus group meetings outside the company are more used on average by public limited companies than in limited liability companies. Since only these two methods were more used it cannot be stated that public limited companies invest more into employee satisfaction overall, but it can indicate that public limited companies may use a wider variety of methods for employee satisfaction.

Figure 14. Form of the company

T-test: Differences between company forms in usage of employee satisfaction methods					
Scale 1-5: 1=Don't use at all; 5= Use a lot	Public limited liability company		Limited liability company		Sig.
	Mean	SD	Mean	SD	
Employee retention program	3,39	1,08	3,14	0,99	0,4134
Research of our current Employer Branding level	3,96	1,19	3,32	1,25	0,0858
Manager development program	4,30	0,82	3,41	1,44	0,0134
Focus group meetings outside company	3,87	1,01	3,05	1,00	0,0088
Working environment planning	2,26	1,01	1,91	1,19	0,2906
Career planning and mentoring	3,96	0,88	3,73	0,88	0,3874
Rewards and notifications	4,39	0,50	4,09	0,75	0,1196

*95% Significance at confidence interval

5.2 Company's Employer Branding Strategy

In this Section, the views of large Finnish companies' Employer Branding strategies are researched via the elements of a company's Employer Branding strategy (as presented in the Framework of this study in Figure 6). These elements and the equivalent questions are: department responsible of Employer Branding (question 7), fit to strategy (questions 5c, d, f, g), resources allocated to Employer Branding (question 5a) and methods used for Employer Branding (questions 1a, d, g, 2a-h, 3a-h).

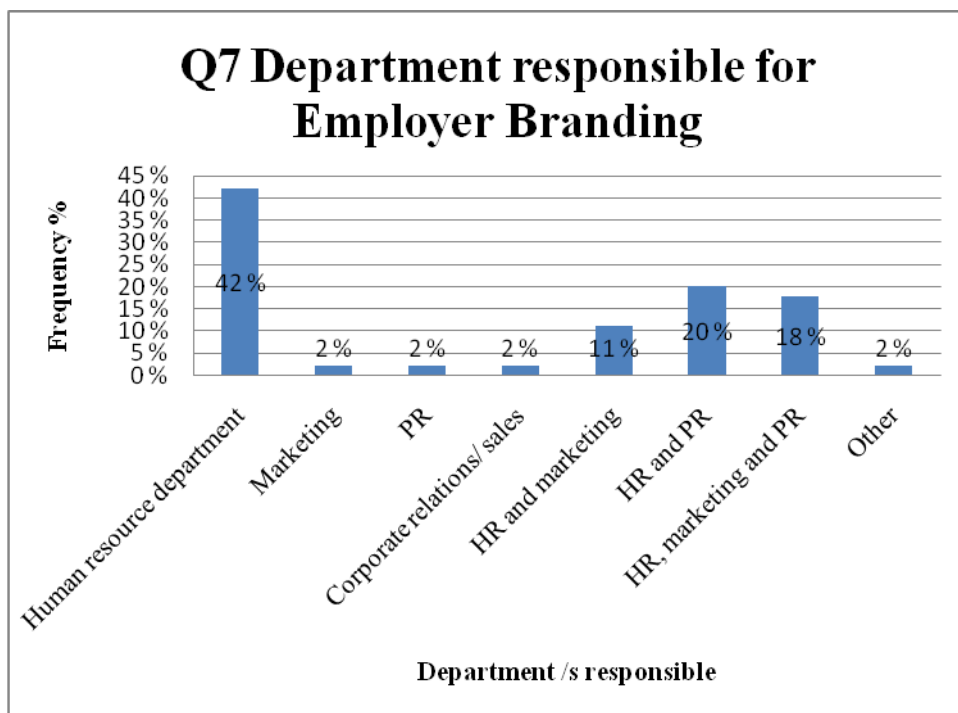
First, the data was analyzed with frequency distribution analysis to find the respondents' views on developing strategies and researching Employer Brand in their companies. From Figure 15 below, it can be seen that that most respondents felt that developing strategies and researching the current level of Employer Brand are both highly valued elements and part of their strategic approach to Employer Branding. Overall, these four questions represented the highest level of importance in the survey questionnaire.

Figure 15. Fit to strategy

Scale 1-5, 1=Don't agree at all, 5=totally agree	N	Minimum	Maximum	Mean	SD
We are developing strategies in order to recruit talents	45	2	5	4,18	0,86
We are developing strategies in order to keep the talents in our company	45	2	5	4,40	0,72
It is important to research our Employer Brand within our company	45	2	5	4,11	0,83
It is important to research our Employer Brand outside our company	45	2	5	4,33	0,71

Next the department responsible for Employer Branding is studied. Human resource departments were shown to be the department that is involved with Employer Branding in almost all cases. Companies that used only human resource department represented 42,22% of the answers and if all the cases that used HR at least in some level are calculated together it presents 91,11% of the answers. The most common combinations for responsible departments was HR and PR departments that represented 20% of the answers which is still considerably lower than the percentage of using only the human resource department.

Figure 16. Question 7 Department responsible for Employer Branding

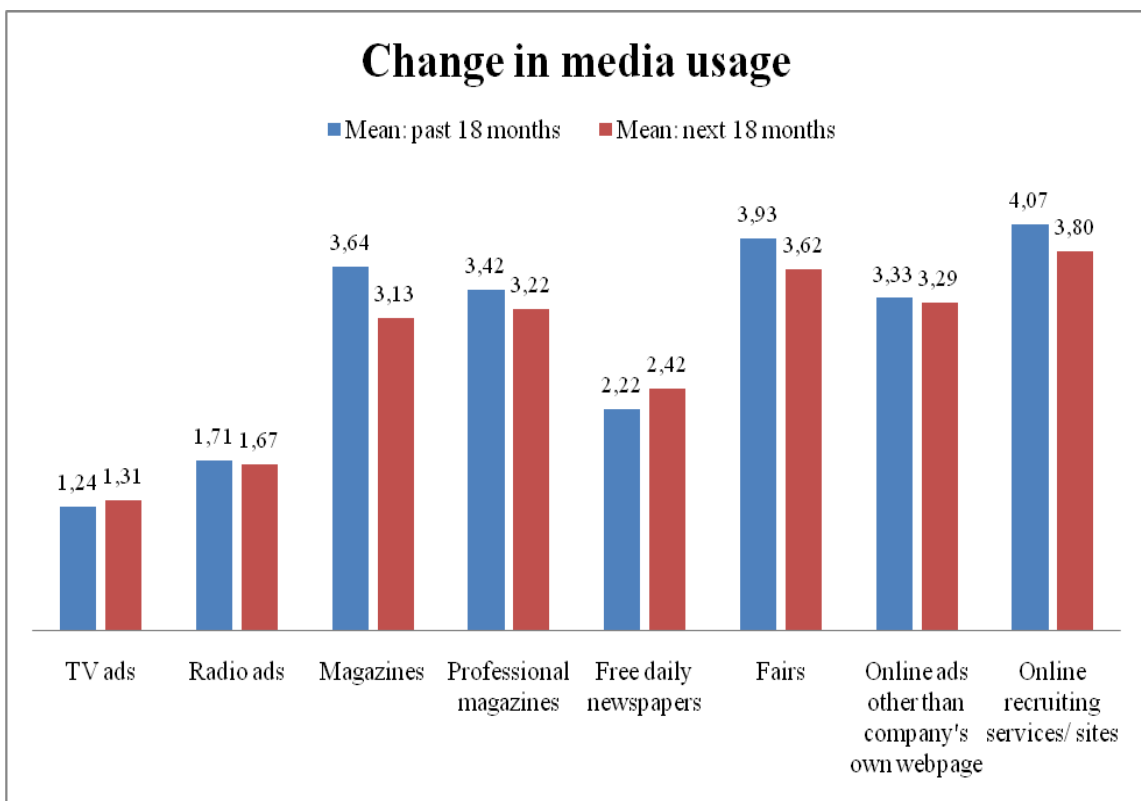


N=44 (excluding: 1)

It was assumed that large Finnish companies use different forms of media as a way to develop their Employer Brand. To find out if the media split or usage is expected to differ over time, the time span of the previous 18 months to the future 18 months is also included. The media split and usage over 36 months is presented in Figure 17. From

Figure 17 it can be seen that fairs, online recruiting services and magazines are the most used media for Employer Branding and TV and radio ads are used the least. This split and total usage of media did not differ significantly between the two measured 18 months time spans. The only change in the order of used media is that professional magazines are expected to be used slightly more than other magazines during the following 18 months period.

Figure 17. Change in media usage



N=45 (excluding: 0)

Figure 18 presents the mean to Question 5a. This question is interesting in the sense that it provides a view of what large Finnish companies think of the sufficiency of resources put to Employer Branding. The mean to the question is 2,80 which indicates that the

respondents felt that resources targeted to Employer Branding are close to an adequate level, but slightly more would probably be better.

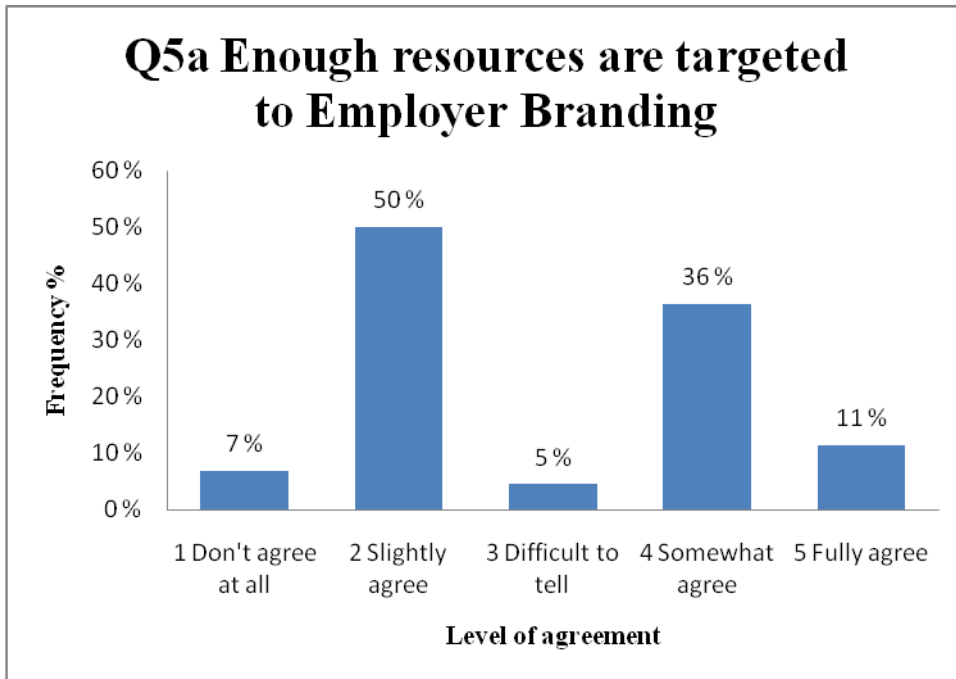
Figure 18, Question 5a Resources targeted to Employer Branding

Scale: 1=Don't agree at all, 5=Fully agree	N	Minimum	Maximum	Mean	SD
Enough resources are targeted to Employer Branding	45	1	5	2,80	1,10

Since adequate resources can be seen as a vital source of conducting the wanted Employer Branding activities, the question is now researched further first by looking at how respondents split on a 1-5 Likert scale and later a T-test is conducted.

From Figure 19, it can be seen how the responses regarding resources split. Half of the companies (50,00 %) answered that they slightly agree that enough resources are targeted to Employer Branding but also significant amount of companies found that they somewhat agree (36,00 %) with the statement and 11 % fully agreed.

Figure 19. Frequency shares to Question 5a



N=44 (excluding: 1)

Since there were two separate ends on the answers to question 5a, it is interesting to see whether the company's industry or the type of company can explain these answers. The T-test based on these ends was conducted by combining the responses as follows: 1-2=not enough resources and 4-5=enough resources. Answers for the median answers 3, difficult to tell, were not included. The split is done to see whether more companies felt that they have enough resources or not in total.

Figure 20. Differences in Employer Branding resources

T-test: Enough resources are targeted to employer branding*industry/ type of company						
Scale: 1= Don't agree; 2=Agree			N	Mean	SD	Sig.
Enough resources are targeted to Employer Branding	Company's industry	Manufacturing	26	1,46	0,51	0,4921
		Other	17	1,35	0,49	
	Type of company	Public limited liability company	22	1,45	0,51	0,6350
		Limited liability company	21	1,38	0,50	

*95% Significance at confidence interval

Figure 20 shows the results of the t-tests comparing the mean responses to the recoded Q5a, enough resources are targeted to Employer Branding in relation to the company's industry and the type of company that have been divided between the following dummies: Company's industry, manufacturing vs. other industries; Type of company, Public Limited Company vs. Limited Liability Company. Since both observed significance levels are above the accepted 0,05 level, it means that the company's industry and the type of company are not statistically significantly related to the feeling of adequate resources.

5.3 Valuation of Employer Branding

In this Section the valuation of Employer Branding is studied. The equivalent question to this factor was Question 5e, Employer Branding has an important role in our company and the data was analyzed with frequency analysis and t-tests.

Question 5e, Employer Branding has an important role in our company, provides information on how large Finnish companies see the role of Employer Branding today.

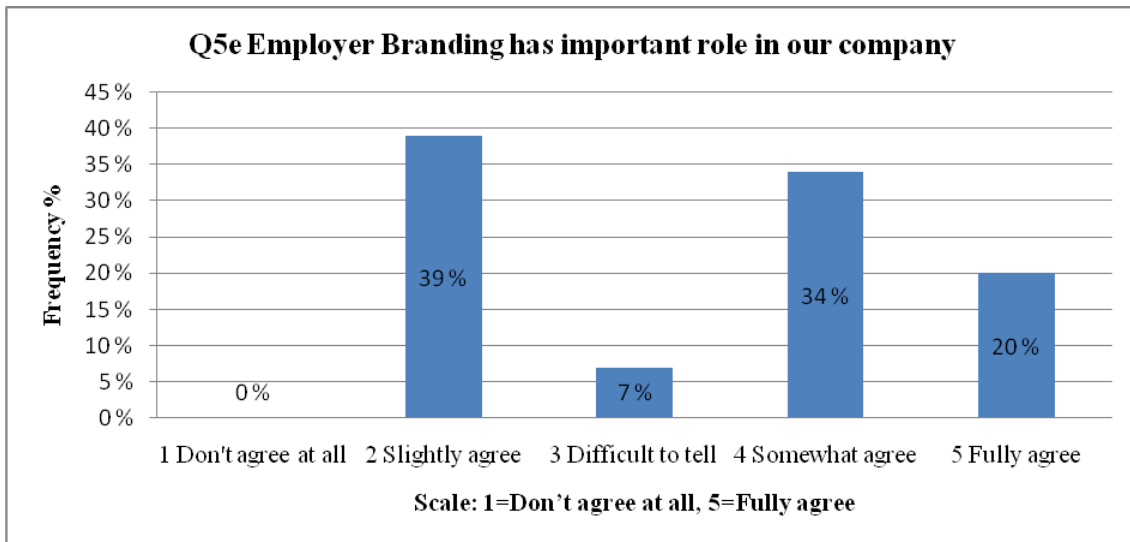
The overall mean is 3,42 which signifies that the average respondent thinks that Employer Branding has a somewhat important role in their companies.

Figure 21, Question 5e Role of Employer Branding

1=Don't agree at all, 5=Fully agree	N	Minimum	Maximum	Mean	SD
Employer Branding has important role in our company	45	2	5	3,42	1,23

Figure 22 below, presents how the responses distributed for Question 5. Nearly 2/5 of the companies (39,00 %) answered that they slightly agree that enough resources are targeted to Employer Branding but also a significant amount of companies found that they somewhat agree (34,00 %) or fully agree (20,00%) with the statement.

Figure 22. Frequency shares to Question 5e



N=44 (excluding: 1)

The question of Employer Branding’s role is now researched further to see if there are significant differences between different groups of respondents. In the following, the data was analyzed using a t-test to find out if the company’s industry or the location of the company’s headquarter are differentiating factors on the seen role of Employer Branding in the respondent companies.

Figure 23 shows the t-tests comparing the mean responses to the recoded Question 5e, Employer Branding has an important role in our company in contrast to the company’s industry that has been divided between the following dummies: manufacturing vs. other industries. By doing this, it is possible to compare the dominant manufacturing industry (dominant by frequency share of respondent companies) to other industries’ view on the role of Employer Branding.

Figure 23. Differences in role of Employer Branding

T-test: Employer Branding has important role in our company						
*industry/ location of head office						
Scale: 1= Don't agree; 2=Agree			N	Mean	SD	Sig.
Employer Branding has important role in our company	Company's industry	Manufacturing	25	1,60	0,50	0,5411
		Other	17	1,65	0,49	
	Location of company's headquarter	Finland	32	1,56	0,50	0,0034
		Outside Finland	9	1,78	0,44	

*95% Significance at confidence interval

As we can see from Figure 23, the company's industry does not have an impact on the role of Employer Branding whereas the location of the company's headquarters had a significant difference as companies having headquarters outside of Finland have a stronger role of Employer Branding in their companies in comparison to companies headquartered in Finland.

6. Discussion and Empirical Findings

In this Chapter, empirical findings are discussed, a summary of the research is presented and the limitations of the study and future research suggestions are set.

6.1 Empirical Findings

In this Section the empirical findings are discussed and conclusions drawn based on the findings. The discussion begins with a reflection to the research framework (presented in Figure 6) in which the field of Employer Branding was divided into a company's internal qualities as an employer, a company's Employer Branding strategy and the valuation of Employer Branding. Then, the main research question "What is the position of Employer Branding in Finnish companies?" will be answered in the summary of this paper.

A company's internal qualities as an employer include company characteristics of recruiting process, employee satisfaction, company's industry, company's nationality, and size and form of a company. The size of a company is not discussed here further as all companies of this study meet the requirements of a large company (turnover > 250M€ and personnel > 250).

According to the data, equal amounts of respondents represented public limited and limited liability company forms each with 22 respondents. Responses between these two groups did not differ drastically but some differences were still found. Manager development programs and focus group meetings outside the company are more likely to be used by public limited companies than in limited liability companies. Based on these results, it cannot be stated that public limited companies use more elements of employee satisfaction for Employer Branding but it can be assumed that public limited

companies may have more resources to put to developing overall employee satisfaction and, due to this, use wider range of employee satisfaction related means than limited liability companies.

It was expected that employee satisfaction lengthens work careers within the same company. The research results suggest that, on average, rewards and notifications are the most used form of developing employee satisfaction among the studied firms. However, it has recently been discussed in academic literature that rewards and notifications are losing their lead as the key source of satisfaction and more soft values, such as good social networks and working environment, are gaining ground. The second highest source of satisfaction in the survey was career planning and mentoring which is a good implication of what the skilled and demanding employee of today is expecting from its employer. The reason for career planning and mentoring rating as second could mean that employees want to feel their employers offer good career possibilities. Thus, mentoring can be used to communicate this ideology.

It is expected that recruiting processes in most Finnish companies follow the traditional path, meaning that job openings are communicated in the media and then the company starts to wait for applications. For large Finnish companies it was assumed that they use third parties in their recruiting processes in order to make sure that they recruit only the best talents with no factors remaining hidden. Survey results proved this assumption to be correct as it can be seen from the results that companies' own marketing/ PR departments were the most used party (32 % of the responses) for the process and consulting agencies were the second most used party (26 %).

The company's industry had a significant influence on the methods used for Employer Branding as companies from all other than manufacturing industries are using significantly more TV, radio and both professional and other magazines in their advertisements than companies in the manufacturing industry. This was indicated to result from the knowledge intensity in the industries such as finance and business supporting activities that represented second biggest share of the respondents' industries. Although here it has to be noted that most industries account for less than 10

% share of the respondents while the manufacturing industry represented 56 % and finance, insurance and business supporting activities 16 % of respondents.

Large companies in Finland are traditionally manufacturing companies but more recently foreign multinationals have established their operations in Finland as well. From this perspective it is interesting to see whether the answers between companies headquartered in Finland or abroad differ. The division between respondent companies was that 35 companies were based in Finland and 9 companies abroad. Here it has to be remembered that a sample size of 9 companies is fairly limited but some of the mean responses were statistically significant. It is interesting to see that companies based abroad felt that the role of Employer Branding in their companies was better and more adequate resources were available in comparison to the companies headquartered in Finland. It is assumed that foreign companies have a more established corporate strategy and more employees with diverse backgrounds to manage. It can also be argued that these multinational foreign companies need to compete in tougher environments with other multinationals and, thus, a good Employer Brand provides relatively more benefit to them than to Finnish companies. Differentiating in this kind of environment is a key as we learned from Chapter 2 and Employer Branding can be one way to do it.

The second part of the research framework, a company's Employer Branding strategy, provides a view of what kind of role Employer Branding has in companies. Employer Branding strategies were studied by asking for the department responsible for Employer Branding, fit to strategy, resources allocated to Employer Branding and by methods used for Employer Branding. One of the findings was that those parts of the survey questionnaire that related to developing strategies to recruit talents and researching Employer Brand, received very high response averages (from 4,11 to 4,40). This means that respondents have strong will to develop and research their Employer Brand. In the long run, this finding can mean that Employer Branding is becoming more strongly rooted in Finnish companies' corporate strategies.

Next, the department responsible for Employer Branding is discussed to see whether companies still rely traditionally on human resource departments - as it is assumed - or

if other departments are integrated in the process as well. The assumption here was that since Employer Branding is a more demanding function than just traditional staffing, help from other departments that are specialized for instance in marketing and PR could be useful. Results indicated that the most common department responsible for Employer Branding was the human resource department which represented 42 % of the responses. Notable is that the role of all HR, marketing and PR departments was surprisingly low although it was expected that the combination of these departments could have suitable knowledge to assist in Employer Branding activities. The limitation here is that it cannot be seen whether the share of HR, marketing and PR is increasing in the long run.

The Finnish companies researched in this study are using all the measured media for Employer Branding. The media split and overall usage was studied by using a time scale of past 18 months to following 18 months, which provides a more in-depth view on how the usage and split between these methods can vary. Results indicated that media usage is not changing drastically between the different researched time scales and neither did the split between different media. Fairs, online recruiting services and magazines are the most used media for Employer Branding whereas TV and radio ads are used the least. The only change in the usage was that professional magazines will be used slightly more than other magazines during the following 18 months period. Overall it looks like media investments are relatively stable and based on this it can be assumed that online recruiting services, fairs and magazines will keep their status as the most used media for Employer Branding purposes in the near future.

The mean to the question of resources targeted to Employer Branding gave an average of 2,80 on a 1-5 Likert scale which indicates that respondents felt that their available resources are moderately under suitable level. Further, it was studied if answers between the company's industry or the type of company differed. The results indicated that there is no difference in the means of manufacturing vs. other industries and between public limited and limited liability companies which signifies that the company's industry or company form has no influence on the resources put to Employer Branding.

The third, and last part of the framework, was the commitment to employer branding strategy that was studied with the statement of “Employer Branding has an important role in our company”. Responses indicated that the role of Employer Branding is above neutral level but when answers were divided between the location of the company’s headquarters it was seen that in companies headquartered abroad, the role of Employer Branding was higher than in companies headquartered in Finland.

The purpose of this study was to find out how Employer Branding is positioned in large Finnish companies (turnover > 250M€ and personnel > 250) with the main research question of: What is the position of Employer Branding in Finnish companies?

The results show that Employer Branding does not have a particularly distinct position in large Finnish companies even though respondents felt that Employer Branding should have a more important role than it currently possesses in their companies. In fact, many companies are developing and researching Employer Branding but resources allocated to the processes were not felt to reach an adequate level. Companies headquartered outside of Finland differentiated from these results as in those companies Employer Branding had more importance and adequate resources than in companies headquartered in Finland. Finally, Employer Branding is still the responsibility of companies’ human resource departments while marketing and PR departments’ role was surprisingly low. Based on these findings, it was seen that Employer Branding has still a long way to go in Finland to become a strategic asset but the current interest towards the topic proposes that Employer Branding is likely to have a stronger position in the future.

6.2 Limitations of the Study and Future Research

The main limitation for this research was the scope that needed to be narrowed down enough in order to find a scope that was usable for thorough research. Because of the narrow scope, the chosen quantitative methods and the implications of how Employer Branding is positioned in Finnish companies were limited. Due to this, the results

should be seen as a part of an exploratory research and gives good understanding of the researched topic, but it was not possible to study all the elements of Employer Branding's position in Finland due to insignificant results. In general, a larger sample would have been preferable, but it was unattainable despite concerted effort on the part of the researcher.

One limiting factor that was not possible to predict was the fact that the global economic downturn affected also Finland during the time of the research and this might have had some influence on the responses, though there is no comparable data from earlier researches so clear conclusions of the effects of this cannot be drawn.

For further research it would be very interesting to see how the positioning of Employer Branding affects companies' overall performance and competitive advantage. By having a company's performance as one factor, it would be possible to draw conclusions on how Employer Branding should be positioned so that companies could perform better. This is a very interesting topic especially now, as it has also been stated in the introduction of this research, the pool of potential employees is narrowing down and competition for these talents is getting global and more fierce. Secondly, it was implicated that sector (manufacturing vs. others) did not show statistical differences when it comes to the positioning of Employer Branding in these companies, but for future research it would be interesting to find out how industry affects the Employer Brand itself in the eyes of potential employees. Thirdly it would be interesting to research smaller companies that are the drivers of the Finnish economy and due to smaller size are assumed to have even more explicit influence on Employer Branding activities.

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APPENDIX

Appendix 1. Questionnaire survey

Questionnaire survey (Translated and modified to fit from online survey)					
Employer branding as a part of corporate strategy					
Nation wide research of the employer branding's position in Finnish companies					
The research is done at the Helsinki School of Economics as a part of master's thesis. Idea of the master's thesis is to find out the role of employer branding in Finnish's companies overall strategy. The 190 companies to this research are chosen based on their size in TO (Talouselämä TOP 500 ranked 1-190 companies)					
Employer branding actions					
1. At what level are you using the followings actions to develop your employer brand?	1 = Do not use	2 = Do not use almost at all	3 = Difficult to tell	4 = Use fairly often	5 = Use a lot
	1	2	3	4	5
a. Research of how our current employees see our employer brand					
b. Employee retention program					
c. Research of our current employer brand level					
d. Benchmarking					
e. Manager development program					
f. Career planning and mentoring					
g. Focus group meetings outside company					
h. Working environment planning					
i. Rewards and notifications					
2. What of the following medias have you been using during the past 18 months in order to enhance your employer brand?	1 = Have not been using	2 = Have not used almost at all	3 = Difficult to tell	4 = Have used fairly much	5 = Have used a lot
	1	2	3	4	5
a. TV ads					

b. Radio ads					
c. Magazines					
d. Professional magazines					
e. Free daily newspapers					
f. Fairs					
g. Online ads other than company's own webpage					
h. Online recruiting services/ sites					
3. What of the following medias have you been planning to use during the following 18 months in order to enhance your employer brand?	1 = Will not use 1	2 = Will almost at all 2	3 = Difficult to tell 3	4 = Will be using fairly much 4	5 = Will use a lot 5
a. TV ads					
b. Radio ads					
c. Magazines					
d. Professional magazines					
e. Free daily newspapers					
f. Fairs					
g. Online ads other than company's own webpage					
h. Online recruiting services/ sites					
4. How important to your company do you see the following student co-operation activities?	1 = Not important 1	2 = Somewhat not important 2	3 = Difficult to tell 3	4 = Somewhat important 4	5 = Very important 5
a. Excursions at the company premises					
b. Company presentations at schools					
c. Company representatives as guest lecturers					
d. Recruiting fairs at schools					
e. Offering school related project work for students					
f. Sponsoring of student union and/ or sponsoring of schools					

g. Recruiting via school recruitment services

h. Stipends to students

5. At what level, the following statements are true in your company	1 = Don't agree at all	2 = Slightly agree	3 = Difficult to tell	4 = Somewhat agree	5 = Fully agree
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	1	2	3	4	5
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a. Enough resources are targeted to employer branding

b. Recruiting will be more challenging in the future than before

c. We are developing strategies in order to recruit talents

d. We are developing strategies in order to keep the talents in our company

e. Employer branding has important role in our company

f. It is important to research our employer brand within our company

g. It is important to research our employer brand outside our company

h. Our customers are interested of our employer brand

i. Good employer brand reputation brings in more customers

j. Good employer brand has positive effect to company's profit

k. Developing of employer brand is too expensive to our company

l. Our company is focusing on traditional recruiting

m. In our company, every department is in charge of their recruitment activities

6. When you are looking for employees, what of the following are you using?

Government's employment agency	_____
Advertising agency	_____
Consulting agency	_____

Our company's own marketing/ PR department
.....
Other, what?

7. What department or departments are currently in charge of your company's employer brand?

Human resource department
Marketing
PR
Corporate relations/ sales
HR and marketing
HR and PR
HR, marketing and PR
Other
.....
Other, what?

Company information

8. Company's industry

Agriculture and forestry
Manufacturing
Construction
Retail, hospitality and restaurant
Transportation
Finance, insurance and business supporting activities
Public sector and other services

9. Type of company

Public limited company
Limited liability company
Other

10. Number of personnel (approx)

Less than 25
25-250

Over 250
11. Turnover category (approx)	
Less than 120M EUR
120-190M EUR
Over 190M EUR
12. Location of company's headquarter	
Finland
Outside Finland

Appendix 2. Descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Research of how our current employees see our employer brand	45	1	5	3,58	1,305
Employee retention program	45	1	5	3,27	1,031
Research of our current employer branding level	45	1	5	3,64	1,246
Benchmarking	45	2	5	3,44	1,035
Manager development program	45	1	5	3,87	1,236
Focus group meetings outside company	45	1	5	3,47	1,079
Working environment planning	45	1	4	2,09	1,104
Career planning and mentoring	45	1	5	3,84	,878
Rewards and notifications	45	2	5	4,24	,645
TV ads	45	1	4	1,24	,679
Radio ads	45	1	4	1,71	1,141
Magazines	45	1	5	3,64	1,131
Professional magazines	45	1	5	3,42	1,252
Free daily newspapers	45	1	5	2,22	1,204
Fairs	45	1	5	3,93	,986
Online ads other than company's own webpage	45	1	5	3,33	1,297
Online recruiting services/sites	45	1	5	4,07	1,195
TV ads	45	1	4	1,31	,733
Radio ads	45	1	4	1,67	1,044
Magazines	45	1	5	3,13	1,254
Professional magazines	45	1	5	3,22	1,185
Free daily newspapers	45	1	5	2,42	1,270
Fairs	45	1	5	3,62	1,173
Online ads other than company's own webpage	45	1	5	3,29	1,375

Online recruiting services/ sites	45	1	5	3,80	1,290
Excursions at the company premises	45	1	5	4,00	,905
Company presentations at schools	45	2	5	3,89	,775
Guest lectures	45	1	5	3,93	,986
Career fairs at schools	45	2	6	4,04	,903
Offering school related project work for students	45	2	5	3,84	,952
Sponsoring of student unions(s) and/ or sponsoring school	45	1	5	2,96	1,167
Recruiting via schools' recruiting services	45	1	5	3,40	1,074
Stipends for students	45	1	5	2,60	1,031
Enough resources are targeted to employer branding	45	1	5	2,80	1,100
Recruiting will be more challenging in the future than before	45	2	5	4,07	,837
We are developing strategies in order to recruit talents	45	2	5	4,18	,860
We are developing strategies in order to keep the talents in our company	45	2	5	4,40	,720
Employer branding has important role in our company	45	2	5	3,42	1,234
It is important to research our employer brand within our company	45	2	5	4,11	,832
It is important to research our employer brand outside our company	45	2	5	4,33	,707
Our customers are interested of our employer brand	45	2	5	3,53	,894

Good employer brand reputation brings in more customers	45	2	5	3,76	,883
Good employer brand has positive effect to company's profit	45	2	5	4,02	,812
Developing of employer brand is too expensive to our company	45	1	4	2,24	,933
Our company is focusing on traditional recruiting	45	1	4	2,82	1,154
In our company, every department in charge of their own recruiting activities	45	1	4	2,29	1,121
Government's employer agency	45	1	2	1,38	,490
Advertising agency	45	1	2	1,53	,505
Consulting agency	45	1	2	1,36	,484
Our company own marketing/ PR department	45	1	2	1,22	,420
Other	45	1	2	1,89	,318
Human Resource Department	45	1	2	1,67	,477
Marketing	45	1	2	1,98	,149
PR	45	2	2	2,00	,000
Corporate relations/ sales	45	1	2	1,96	,208
HR and marketing	45	1	2	1,87	,344
HR and PR	45	1	2	1,73	,447
HR, marketing and PR	45	1	2	1,80	,405
Other	45	1	2	1,98	,149
Company's industry	45	2	7	3,33	1,859
Type of company	45	1	2	1,49	,506
Number of personnel (approx)	45	3	3	3,00	,000
Turnover category (approx)	45	3	3	3,00	,000
Location of company's headquarter	45	1	3	1,24	,484
Valid N (listwise)	45				