Chapter 2
Review of Literature

Business and brand reputations are often made, or broken, at the point at which employees and their customers come into contact (Bernoff and Schadler, 2010). Thus, organizations are able to enhance their financial performance and gain a sustainable competitive advantage by defining the brand image to their employees, and then motivating and empowering them to deliver the desired brand image to others (King and Grace, 2009; Miles and Mangold, 2004). Evidence suggested that employee branding is a new technique that have an impact on organizational outcomes and turnover. It is also linked to customer satisfaction, loyalty, and reputation as well as the position the organization and its offerings hold in the mind of consumers (Miles and Mangold, 2005). Two critical elements are necessary in order to glean the competitive advantage an employee brand can offer (Miles and Mangold, 2005). First, employees must know and understand the desired brand image. Second, they must be motivated to engage in the behaviors that are necessary to deliver the desired brand image to others.

Employees’ messages reflect the stated values know exactly what the organization wants to accomplish as well as the behavior necessary to achieve those results (Mangold and Miles, 2007). Various researches on employee branding, brand building, brand image
creation and employer branding have proven that employees of a company especially on site executives at various field play an important role in building a brand.

In this globalised era, brand is the one which create distinction and bring equity to the company. Brand is an important tool to win the competition at market place and established a trust of better delivery, competitive pricing, constant quality and promised product performances. Because brand is sign/symbol of quality, trust or performance hence, it is perceived by the customers as association of various attributes which provide need satisfaction better than any other offering.

Brand lives in the consumer’s mind in the form of a universe of association (Verma, 2002). The conditions for branding need not even reside in presently perceived or existing properties of products (MacMillan and McGrath, 1996). Thus, organizations can build reasons for consumers to buy by building a strong and committed workforce. Corporate branding congruent with the strategic brand vision dwells on developing brands at an organizational level which requires managing interactions with multiple stakeholders (Blmer and Gray 2003; Knox and Bickerton, 2003; Hatch and Schultz, 2003), Urde (2003) stated that corporate brands must reflect organizational values. In other words, an organization’s core values must be the guiding light of the brand building process, both internally and externally. They must be building into the product, expressed in behavior, and reflected in communication.
Several studies have concluded that employees work as a source of customer satisfaction (Bienstock et al., 2003; Hatch and Schulz, 1997, 2003; Zemke, 2002; Parasuraman et al., 1985; Kennedy, 1977). Bitner (1995, 1990) asserted that during service delivery, consumer’s satisfaction tends to get influenced by the employee who is involved in the delivery process. Heskett et al (1994) in their service profit chain model showed a link between employees, customers and profitability. Schneider and Bowen (1995) showed customer’s increase in perception of service quality with positive employee attitudes.

Vilares and Coelho (2003) in their study exhibited that customers’ perception of employee satisfaction, loyalty and commitment have an impact on his perception of product and service quality. Employees do play a significant role during service deliver. Sparks, and O’Callaghan (2001) explained the role of employee as essential when they assert that service encounter satisfaction is significantly associated with customer loyalty. It can thus be deduced that customers can be pleased by the employees but the call is to motivate the employees by virtue of whom they shall internalize the brand. The importance of internal marketing has been strengthened by the study conducted by Mehnert and Torres, 2007; Mitchell, 2002; Balmer, 2001; Harris and de Chernatony, 2001. The study revealed that internal marketing is the route to creating brand dedicated employees.
Organization spends valuable resources over brand building to make their presence sure in the mind of the customers at the time of making purchase. Instead of making investment on promotional activities and other outdoor campaigns organization must not forget the importance of brand communication to their internal customers. An effective internal communication gives employees a deeper understanding of the brand and the role that employees play in enhancing the brand promise, and reducing brand positioning confusion resulting from misaligned messages (Inter brand Insights, 2001).

If employees visibly understand the brand and its promise it gives an edge to the employee to better advocate the brand at the market place and help them to making the customers satisfied with bunch of offerings. Internal communication can help to increase the level of employee performance, commitment, job satisfaction and employee perception of company trustworthiness, honesty and caring (Schweiger, 1998). Brand messages should be effectively communicated to the employees in order to extract their commitment towards the brand and its customers (Gronroos, 1985; Berry, 1981). Harris and de Chernatony (2001) asserted that if the organization expects the employees to internalize the brand, they need to develop a shared understanding of what their brand stands for.

Employee branding has been considered an effective tool for brand image creation but this concept can’t be fully utilized until management do not delegate the authoritarian
power to the managers. It is like soldiers without weapons at battle field, employees must be empowered with various powers and authorities to perform their jobs effectively. Employees need to be empowered to perform the functions they are recruited for. It has been observed and experienced that employees respond favorably to any positive attention they get from the organization and this is evidence in performance. (Dunmore, 2002) resources and activities experienced within an organization influence the nature of its culture and competitiveness as a route to achieving its purpose which can shape employee behavior indirections that are compatible with an organization’s purpose.

It is always been a question that how big organization maintain their compelling power brands? And the answer is, people managing iconic brands understand that the brand building requires an all encompassing commitment to every elements of an organization directly and indirectly who influence the brand experience. Topping their list of important elements of the experience is employee engagement (that is, "internal branding"). Employee engagement is valued by these companies because employees both on the front line and behind the scenes are challenged daily to bridge the gap between brand promise and brand delivery. The brand is the "big organizing idea" for everything that touches internal and external audiences. Brand success with these companies comes not from the depth of their pocket, but from the depth of their employee commitment. They have given immense importance to employee engagement because the brand
objectives cannot be achieved until the employee does not live the brand in his/her daily interaction with customers.

Employee branding can be fully utilized only when the employee work with his/her favorite employer. It means employee branding works on the framework of employer brand. Today, every employer is fighting for talent to be hired for maintain and flourishing their brand. Employer branding is a concept used to define the strategic work with becoming an “employer of choice”. Employer branding undoubtedly is one of the most important precepts of modern management, one that offers a fine blending of the science of marketing with the art of enlightened human relations management. If employers are to be successful in recruiting the best available talent, it is important that they understand their current reputation among job seekers and locate any incorrect beliefs that may be held (Fombrun, 1996). Organizations that achieve the status of being a "Strong Employer" are the ones that have been able to build a strong affiliation with their employees and have been consistently providing a good quality of work life. When working with "Strong Employer" organizations, employees get the feel of higher employability and development initiatives and can be rated high on employability skills. Competent and satisfied employees exhibit organizational citizenship behaviour leading to customer satisfaction and delight. These employees ensure a sense of trustworthiness in the mindset of customers (Bendapudi, 2005). Therefore, an employee brand is the
value of an organization that exists in the market place that displays the strength of the organization and helps in attaining organizational objectives. Therefore, an employee brand is the value of an organization that exists in the market place that displays the strength of the organization and helps in attaining organizational objectives.

In the present scenario, one of the goals of an organization is related to employee branding. This goal is to achieve internal customer satisfaction i.e. employees. Minchington (2010) suggested that organizations can introduce employee branding as one of the core values of an organization. Miles and Mangold (2004) suggested that employee branding is central to effective positioning strategies when the goal is to position an organization, a service, or a product that is augmented with a service component. Effective employee behavior and attributes have several favorable consequences. First, they enable organizations and their offerings to be effectively positioned in the minds of customers and other organizational stakeholders. Secondly, it can enhance employee satisfaction and reduced staff turnover consequently leading to higher levels of customer satisfaction and loyalty, and a favorable overall reputation because the desired brand image is being consistently reflected by employees. In the study conducted by Miles and Marigold (2004) it was found at Southwest Airlines that its ‘Outrageous Service’ have attained favorable position in customers’ minds. The consistency with which this image is reflected among employees was recognized when
the company received the 2003 Kozmetsky Award for Branding Excellence in the 21st Century.

Alan and Punjaisri (2007) explained that the employees’ role is recognized as crucial in delivering the services as promised by the brand. The study considered employees as an ultimate source of supplying desired services to the customers, therefore, their perception towards their role and the techniques enable them to fulfill the brand promise should be positive. Edward (2005) found employer and employee branding is new technique of establishing good brand image into the mind of the customers. In particulars, there is growing interest in employer and employee branding with an emphasis on the consideration of how the company’s brands relates to current and potential employees. Kottolli (2006) opined that employees are the key motivator at the point of purchase, every employee in a company should understand, believe, and know that servicing customers and building positive perception is the most important factor gaining new or retaining existing customers - not a price of the product or service. The customers already have picked up the company when they compared prices and quality or analyzed other “dry” conditions of the deal. Even if they are still evaluating all these factors an average employee can’t make many changes here. What he/she can still change to better or worse is its perception. Perception will remain with the customer or the prospect regardless of the momentary decision of getting the service or product.
Ron (2007) in his study found that organizations have started realizing the importance of employee branding and has started adopting it as efficient strategic tool. During one of his studies, on employee brand ambassador he interviewed Mr. Hayjlett Jeffery- VP & Chief Business Development Officer, Kodak Company. He found that how employees took Kodak from an historic transformation from a vertically integrated manufacturer to a diverse supplier of digital and conventional solutions. Mr. Jeffery said, if we treat everyone as a customer we can better reach up to the expectations. Kodak implemented a program called FAST (Focus, Accountable, Simplicity and Trust) to transform the employees’ behavior from the traditional one to more scientific and practical mode. In short, the FAST behaviors require them to treat everyone — internal and external as a customer which resulted in prompt delivery as promised and without making any excuses. Consequently, it enhanced company’s turnover.

Employee motivation to deliver the organization’s desired behavior is the second critical component to delivering the desired brand image. Regardless of how well an organization articulates the desired values and behaviors from employees, the choice of ultimately behaving in that manner lies with the employee. Earlier research indicated that the psychological contract is pivotal in motivating employees to engage in a manner that is desired by an organization (Rousseau, 1995). Rousseau in her study introduced the concept of psychological contract, i.e. a perceptual agreement formed in employee’s
mind as to the terms and agreements of the employment relationships. Assume, for instance, that a new employee is told during the hiring process that promotions are based on performance. Then, she later observes that promotions are largely driven by a political network. In such circumstances, the psychological contract is likely to be negatively impacted. The extent to which psychological contracts are upheld in employees’ minds impacts their desire to deliver the organization’s desired brand image (Mangold and Miles, 2007).

The concept of ‘Employee Branding’ functions on the ground of employer brand. Because, employer branding is all about understand what it is like to work for an organization, and what drives employees’ desires to keep working for that organization. If an organization desires its employees to die to the company brand promise, it undoubtedly needs to understand what drives their sense of engagement or commitment. By focusing on their own brand (Employer Brand), companies can better understand the attributes which are likely to attract new recruits to a business, allowing them to adapt their recruitment strategy accordingly. However, being an ‘employer of choice’ entails more than success in recruiting and retention. Employees should choose not only to join the company and stay with it, but also to identify with its vision and values and give it loyalty, commitment and performance. If organizations become employer brand or employer of choice then it can cultivate the advantage of employer branding. The competition in the labor market has intensified as a result of which companies have
started showing an increasing interest in implementing strategies to differentiate themselves.

Employer brand is one of the best weapons in a company’s armory. Employer branding is one of the few long-term solutions to the “shortage of talent” problem which will become brand ambassadors and will create employee based brand equity to the firm. Whereas most employment strategies are short-term and ‘reactive’ to job openings, building an employment brand is a longer term proactive solution designed to provide a steady flow of applicants. Employment branding is the process of developing an image of being a “great place to work” in the minds of the targeted candidate pool. Through employer branding organizations try to retain good candidates those help them in achieving customers’ oriented goals.

Kapoor (2010) in his study commented that with the paradigm shift in marketing employee branding is necessary for achieving institutional goals which can be achieved through well maintained and confident workforce. Employee must show their inclination with the firm’s objectives and committed for the same. He further suggested that, such inclination comes in employees’ mind when they feel the workplace is best for the work. As employer branding attracts best talent to work in the organization similarly, employee branding attract new customers towards products and retain the existing buyers. Hence, the importance of employee based branding in increasing day by day.
Employer branding is a relatively new idea, but in practice some organizations have been making use of the idea implicitly for some time now. Starbucks, for instance, spends practically nothing on traditional marketing activities, but has created a culture in which the staff knows desirable behavior which supports the brand, in their attitudes to customers and each other, their presentation, etc. All of these say something about their brands and help fulfill the brand promise. The author opined that the ultimate goal of employer branding is to make the Brand Action Triangle (BAT) a virtuous circle where—what a company promises outside is what its employees really connect with, is what its leaders really live, and so the triangle becomes a full circle which keeps on growing and growing.

Today, firms are concentrating on the strategies which are more about organization’s turnaround, diversification, expansion and internationalization. Hence, need for employer brand is increasing to attract and retain best talent with the organization. Employer brand is all about acquiring essence of an organization in such a manner that can engages current and prospective talents. Michington (2006) defined employer brand as the image of your organization ‘as a great place to work’ in the mind of the current employees and stakeholders in the external market. The term employer branding was first introduce to a management audience in 1990 by Simon Barrow, senior fellow in London business school. Employer branding is an emerging technique on the inherent background of
classical marketing tools. It aims at value creation to the organization as a great place for work. Ambler and Barrow (1996), defined employer brand as a means of providing psychological satisfaction through tangible perks in the form of facilities, security, function and many more. This inculcates the feeling of great enthusiasm to work with the organization. Manternach (2011), in her study stated that organization must engage their employees to communicate their brand and use them as an internal brand ambassador. They can’t live the brand until they don’t know or don’t it.