
PLACE AND ROLE OF EMPLOYER BRAND IN THE STRUCTURE OF CORPORATE BRAND

ABSTRACT. This article discusses the employer brand concept as a component of the corporate brand structure. The role and place of the employer brand in the corporate brand structure were analyzed, the comparison of the main characteristics of the corporate and employer brand was made. The definition of the employer brand was proposed, the scheme that reflects the relationship between the components of corporate brand was worked out. The article states that the product brand has the biggest impact on the employer brand; the strength of the product brand reinforces the strength of the employer brand. A schematic representation of the corporate brand is suggested, one of the components of which is the employer brand. The employer provides employees with the realization of the employer brand values so that the employees, in turn, effectively provide the promises of the product brand to consumers and customers.

JEL Classification: M12, M14, M31

Keywords: brand, branding, corporate brand, employer brand.

Introduction

The world tendencies in human resource management in organizations are global by nature and reflect the search of innovative companies in creating a highly efficient implementation of creative and productive human potential to improve the efficiency of the company. A clear understanding and practical application of employer branding principles, based on establishing, maintaining and positioning of the unique attractive image of the company as an employer in the labor market enables the company to operate successfully in terms of the so-called war for talents.

There are three approaches to the appearance of employer brand concept – within the framework of internal marketing, branding and personnel management. They are the following:

* The employer brand and branding in the job market – the least developed and processed part of internal marketing conception.

* The employer brand based on the theory of the "internal branding", as a component of the corporate branding conception.
* The employer brand is connected with the evolution of the psychological contact theory and how the psychological contact influences organizational relationships (Kucherov, 2009).

The object of the study is the employer brand conception.

The subject of study is the comparison of employer brand, corporate and product brand.

The purpose of the article is to define and justify the role and place of the employer brand in the corporate brand structure, to determine the connection between the product brand and employer brand.

To achieve this goal the following objectives are set:
1. To investigate a theoretical background for the emergence of the conception of the employer brand as the component of the corporate brand structure; to clarify the terms "employer brand" and "corporate brand";
2. To characterize corporate brand features versus employer brand features;
3. To show the relationship between corporate, product and employer brand.

During the research we used the general research methods of analysis (to analyze the conception and the nature of the employer brand) and synthesis (to display the author’s vision of the corporate brand structure, Fig. 1), abstraction (separating essential information from nonessential), specification, argumentation, comparison (comparing corporate and employer brand, comparing the characteristics of corporate brand components) and generalization method by which the link between corporate, product and employer brand was characterized.

Main results of the article:
- the role and place of the employer brand in the corporate brand structure were analyzed,
- the comparison of the main characteristics of the corporate and employer brand was made,
- the definition of the employer brand was proposed,
- the scheme that reflects the relationship between the components of corporate brand was worked out,
- the schematic representation of the corporate brand was suggested, one of the components of which is the employer brand.

The theoretical background of corporate and employer brand

Brand is the effect of branding process. Branding is directed to the formation of competitive advantages of organizations that operate in a competitive environment. Thus, in the XIV century, in Europe appeared the first trademarks – marks, which artisans branded (marked) their products, thereby noting exceptional quality of product and its belonging to a particular master. The first attempts to systematize knowledge about branding took place in the 20s of the XX century in the United States. Since then the concept of brand management has begun to evolve. Here we mean not only the creation and promotion of trademarks, but also brand management as intangible company’s assets. The conception of brand management allowed to develop specific marketing strategies for brands and to conduct comprehensive advertising campaigns to promote these brands (Domnin V. N., 2004).

Many foreign authors usually do not make conceptual analysis and use the term "brand" in the meaning of recognizable consumer brand or trade mark alongside the term "branding" as the process of brand creation and development, i.e. management. However, F. Kotler in his textbook gives quite a complete definition of branding: "Branding is enhancing products and services with brand power [...] Branding involves creating mental structures and helping consumers to obtain knowledge about the product or service so as to ease decision-making on purchase which is profitable for the company" (Kotler F., Keller K., 2006).
David Aaker was among the first scholars who identified brand as a management tool with which one can manage the entire organization. Brands have become a powerful weapon, commercial power; they are involved in forming and maintaining relationships, communication in the "producer – seller – investor – buyer (consumer)" system. Thus brand, along with such attributes as orientation on long term relationship, satisfaction, storage and territorial proximity of the buyer, becomes the most important characteristic of the buyer's value (Bobrova E.A., Yuldasheva O.U., Okolnishnikova I.Y., 2011).

Currently, in the theory and practice of marketing, brand management became an independent discipline and the subject of attention of both foreign and domestic scientists. An international development of brand management and branding actively started in 70-80s of the XX century. The most important representatives of the western school who worked over this problem were: David Aaker and Erich Joachimsthaler who contributed to the study on brand leadership as a new conception of brand management, Jack Trout, who studied the brand positioning, Thomas Gad, who developed the conception of the «4D Branding» (Bobrova E.A., Yuldasheva O.U., Okolnishnikova I.Y., 2011).

As T. Ambler notes, "the concept of brand which previously referred to consumer goods can now be applied to any field [...] presently includes a number of benefits for consumers» (Ambler T., 2000). A similar opinion is expressed by F. Kotler and K. Keller who emphasize that branding can be applied to almost anything that is offered to the consumer for choice – to product, services, shop, man or organization (Kotler F., Keller K., 2006).

P. J. Buckley agrees with them underlining that successful companies have shifted the focus from product branding to corporate branding, which lets to create rents for all the company's products. Thus, the values and culture of the company transformed into a unique sales proposition for all its products and services (Buckley P. J., 2008).

Branding has become a multi-disciplinary concept. The emphasis has shifted from consideration of goods and services to the organization, person and activity. Considering brand of organization, D. Aaker uses the term "corporate brand" and emphasizes the need to focus on organizational values, culture, communications, workers who create positive associations and can be a source of competitive advantages (Aaker D., 2003). L. De Chernatony agrees with D. Aaker in that the workers can be a competitive advantage in corporate brand. Exposing such tools of corporate branding as corporate culture for staff combination, it is possible to design the desirable behaviour of employees based on the values and mission of the company. L. De Chernatony emphasizes that a key role in shaping corporate brand belongs to Human Resources Department (HR): "With corporate branding employees not only make a significant contribution to the value of the brand, they also signal about brand evaluation. In this case, the head of HR should be estimated as the main member of the branding team as it develops the policy that influences the creation of brand, in particular recruitment programs, adaptation of new employees, training and rewarding" (De Chernatony, L., 2006). Thus, the use of corporate branding conception extends to staff branding.

L. De Chernatony indicates that the term "corporate branding" appeared during the transition from the era of industrialization to informatisation, where ideas, knowledge and information have become important tools of competition. Therefore, the term "corporate branding" as a tool of marketing means providing key stakeholders with the necessary information about the company. People are bearers of knowledge, information and ideas, so L. De Chernatony focuses on the necessity of involving employees in building relationships with customers (De Chernatony, 1999). Balmer supports his opinion saying that external stakeholders can better understand the nature of organization through these relationships. The corporate brand depends on conscious decision of senior management to make known the attributes of company's individuality in the form of well-defined branded proposals. The basis
of branded proposals is organizational efforts to maintain communication, to differentiate itself and to enhance brand value in relation to key stakeholders (Balmer J.M.T., 2001).

According to R. Mosley, corporate communications may include HR-practices such as opportunities for advancement and career growth. Although corporate branding focuses mainly on external stakeholders, internal staff plays a key role in delivering corporate brand values to all stakeholders. Reconciliation of corporate brand with HR-practices can be achieved by identifying and communication of distinguishing characteristics of employment for internal and external target groups (Mosley, 2007).

A. Andreev, president of the branding company Depot WPF and Branding Companies Association of Russia (BCAR), defines the term corporate brand as "a set of visual and verbal elements of company’s brand that transmit its competitive advantages / promises to target groups: employees, investors, distributors and consumers, society and the state" (Andreev A., 2013). Corporate brand is not only corporate identity in a broad sense, it is positioning and marketing communications stable attributes that are known and understood as a result of consistent marketing (Wikipedia, 2013).

The structure of corporate brand

An important issue is to determine the place of employer brand in the structure of corporate brand. To understand what ideas are necessary to form in clients, first we need to determine in which markets the company operates. According to V. Tamberg and A. Badyin (Tamberg V., Badyin A., 2009), there are four global markets in which there is a context "seller – user" (the formation of the brand outside this context is essentially irrational). The markets are:

- Business 2 Business (B2B, corporate market);
- Business 2 Customer (B2C, consumer market);
- Business 2 Labor (B2L, labor market);

Accordingly, there are the following directions in forming the idea about the company: Business Relations (BR form the attitude of customers and partners in the corporate market), Customer Relations (CR form the attitude of customers), Labor Relations (LR form the attitude to the labor market), Government Relations (GR develop the relationship on the level of government).

Thus, the Corporate Brand = BR+CR+LR+GR (Tamberg V., Badyin A., 2009).

A contemporary term such as IR (Investor Relations) is a particular case of BR because such relations are linked to B2B market. A term MR (Media Relations) is inappropriate at all because communication is carried out not with Media (which is almost impossible to influence), but with concrete persons. This can be attributed to the tools, but not to the strategic areas of work. Tamberg V. and Badyin A. believe that building corporate brand may take place regarding the whole company and any particular part of it:

- production assets (anything that one way or another is connected with the production: manufacturing square, equipment, technology and know-how);
- consumer products / brands;
- personnel;
- management of the company (Tamberg V., Badyin A., 2009).

Thus, according to the Tamberg and Badyin conception of «4R corporate brands», we can consider that the employer brand is the part of the corporate brand, and forms an idea of the company in the labor market (LR, Labor Relations).
Consequently, the structure of corporate brand is the set of brands (company images), which the company forms in major markets of its activity, creating certain relationships with key stakeholder groups. The components of corporate brand form relationships between different stakeholder groups that correspond to strategic objectives of corporate brand and ensure the preservation and delivery of its core values.

By the author's definition, components of the corporate brand structure are:

- Product / service brand.
- Social brand.
- Goodwill.
- Employer brand.

Based on the scheme (Fig. 1) the author has developed a table that describes the components of corporate brand, including employer brand (Table 1).

**Table 1. The characteristic of the components of corporate brand structure**

<table>
<thead>
<tr>
<th>Corporate brand</th>
<th>Market in which the company operates</th>
<th>Relations of the company with the market</th>
<th>Brand</th>
<th>Components / characteristics of brand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corporate market (B2B)</td>
<td>Business Relations (BR)</td>
<td>Goodwill</td>
<td>- stability of work, financial flows and economic growth;</td>
</tr>
<tr>
<td></td>
<td>Consumer market (B2C)</td>
<td>Customer Relations (CR)</td>
<td>Product / service brand</td>
<td>- formation of consumers’ commitment;</td>
</tr>
<tr>
<td></td>
<td>Market of government and social structures (B2G)</td>
<td>Government Relations (GR)</td>
<td>Social brand</td>
<td>- an innovative brand development, taking into account the latest global</td>
</tr>
<tr>
<td></td>
<td>Labor market (B2L)</td>
<td>Labor Relations (LR)</td>
<td>Employer brand</td>
<td>- social responsibility;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- demonstration of the social significance of the company and its activities;</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>- corporate culture, values;</td>
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<td></td>
<td></td>
<td></td>
<td>- motivational mechanisms;</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>- human resources;</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>- conditions of employment;</td>
</tr>
</tbody>
</table>
business activity; - economic attractiveness; - customer base formed on the external and internal markets; - contract enforcement; - system of business contacts; - economic security; - long-term mutually beneficial relations; - corporate, business, personal relations of management system; - market share and ratings company.

- trends; - compliance with market requirements; - brand rating; - brands and trademarks that create customer loyalty. - creation of relevant and recognizable context around social problems that the company solves at national, regional and local levels.

- compensation and benefits; - competence of staff, skills, personal development; - training and development programs; - career development programmes; - loyalty and involvement of employees; - company rating among employers; - attractiveness on the labor market.


Thus, the corporate brand is an image of the company that exists in the minds of internal and external stakeholders. Employer brand is part of corporate brand, aimed at creating positive and attractive image of company in internal and external labor markets.

**Characteristics of corporate brand and employer brand**

As we define employer brand as the part of corporate brand, we assume that employer brand has similar characteristics as corporate brand:

1. Adequacy, veracity – created image should match what is actually in the company;
2. Brand – is a comprehensive characteristic, not just a trade mark, design or picture that is easy to remember. This is carefully made biography or history of the company. Because the consumer pays attention not only and not so much on the text and illustrations but subconsciously he is interested in qualities that form personality of the company;
3. It is irrational, so it is perceived as uncontested essence;
4. Brand is dynamic and may change due to circumstances and new information (Strotsiyk J.V., 2010).
5. The purpose of creation product brand - formation of stable image of the product / service in the minds of consumers. Employer brand as well creates a stable image of the company as positive employer, causing in minds of the target audience a desire to work in it. (Sullivan J., 1999).
6. Brand can be viewed as a combination of identity and image (Fig. 2).
Company's employer brand is being developed in accordance with other brands, including product brand. Despite the fact that there are many common characteristics between corporate brand and employer brand as mentioned above, in our opinion it is possible to distinguish the following differences:

1) Employer brand – is feature of employment conditions in the company, which characterize the company as an employer.

2) Employer brand is directed both on internal audiences (internal labor market) and external (external labor market), while the corporate brand is directed on external audiences.

3) Employer brand is directed on a certain target group of candidates rather than on mass attraction of customers, clients and other stakeholders as corporate brand.

*Table* 2 summarizes the author's comparison of common and distinctive characteristics of corporate brand and employer brand.

**Table 2. Comparison of corporate brand and employer brand characteristics**

<table>
<thead>
<tr>
<th>Subject of comparison</th>
<th>Employer brand</th>
<th>Corporate brand</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Management responsibility</em></td>
<td>Employer brand manager</td>
<td>Chief executive</td>
</tr>
<tr>
<td><em>Functional responsibility</em></td>
<td>HR department</td>
<td>Most/all departments</td>
</tr>
<tr>
<td><em>General responsibility</em></td>
<td>Employees of the HR, Marketing, Corporate Communications and PR Departments</td>
<td>All personnel</td>
</tr>
<tr>
<td><em>Disciplinary roots</em></td>
<td>Multidisciplinary (personnel management, marketing, branding, communications, PR)</td>
<td>Multidisciplinary (marketing, branding, communications, PR)</td>
</tr>
<tr>
<td><em>Brand generation</em></td>
<td>Medium to long (3-6 years)</td>
<td>Medium to long (3-6 years)</td>
</tr>
<tr>
<td><em>Stakeholder focus</em></td>
<td>Employees of the internal and external labor market (existing, potential, former)</td>
<td>Multiple stakeholders</td>
</tr>
<tr>
<td><em>Values</em></td>
<td>Real</td>
<td>Real</td>
</tr>
<tr>
<td><em>Communication channels</em></td>
<td>Mix of marketing and corporate communication.</td>
<td>Total corporate communications.</td>
</tr>
<tr>
<td></td>
<td><em>Primary</em>: recommendations and reviews</td>
<td><em>Primary</em>: performance of products and services;</td>
</tr>
</tbody>
</table>

*Fig. 2. Brand as a combination of identity (projection) and image (perception). Source: Savignano M., 2007.*
of employees, corporate events, intranet, communication during an interview at the company (recruiting process). 
*Secondary:* company's career website, job search websites, advertising in the media, presence of the company in social networking, job fairs and career days, program of cooperation with universities and other.

*Tertiary:* word of mouth.

<table>
<thead>
<tr>
<th>Dimensions requiring alignment</th>
<th>Identity (working conditions, policy and practice of HR management)</th>
<th>Identity (corporate attributes/subcultures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR strategy</td>
<td>Corporate strategy</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Experience of contacts with employer (interview, work, dismissal)</td>
<td>Experience/image and reputation</td>
<td></td>
</tr>
<tr>
<td>Workers commitment (present employees, potential and former)</td>
<td>Stakeholders commitment (internal and external constituencies)</td>
<td></td>
</tr>
<tr>
<td>Environment (political, economic, ethical, social, technological)</td>
<td>Environment (political, economic, ethical, social, technological)</td>
<td></td>
</tr>
</tbody>
</table>


**Comparison of product brand and employer brand**

Product brand and employer brand have components which determine how brand is built (identity) and perceived (image) (*Fig. 2*). The difference is that components of product brand determine the "product as desired purchase" and components of employer brand determine the "company as desired place of work".

A study conducted at retail stores Sears, showed that the correlation of employee satisfaction with consumer satisfaction ranged from 0.6 to 0.8. Increase in employee satisfaction from working in the company by 5% increase profits by 0.9% (*Fig. 3*).

Research of British Institute of Economic Security has revealed the following pattern: the growth of satisfaction of employee in retail business by one point on a five point scale (20%) corresponds to an increase of sales by 9%. Banks that provide a high level of employee satisfaction, are with a share of satisfied customers 20% higher than those with low levels of employee satisfaction (Bezruchko P., 2010).

In a study conducted by ISR, were involved 360 thousand workers from 41 companies. Companies with high levels of staff loyalty have increased their operating profit over three years period by 3.74%, while companies with low loyalty lost 2.01% (Bezruchko P., 2010).
According to the study of Corporate Leadership Council (Corporate Leadership Council, 1999), components of product brands are: product features, quality and performance, value and price, innovation and design, image and prestige. Components of employer brand are: work environment, company culture and environment, work-life balance, compensation and benefits, product/company brand strength. Thus, the Fig. 4 shows the relationship between product brand and employer brand, which is that the strength of product / corporate brand in the market of goods and services affect the company's brand as an employer in the labor market.

Product brand and employer brand related and are mutually complementary. Strong product brand may play an important role in increasing the strength of employer brand. Employer brand, in turn, plays an important role in attracting and retaining employees who can add value to the company and its products – thereby strengthening product brand.
Fig. 4. The connection between a company’s “Product Brand” and “Employer Brand”


Similar to corporate brand, employer brand has several components, and each affects the strength of employer brand for both existing and potential employees. Strength of employer brand is the ability to attract target employees to company who can in the best way create and maintain corporate brand by creating products and services of appropriate quality. Employer brand helps retain staff, reduce the cost of attracting new employees (Melin E., 2005).

The author has developed the scheme that shows the relationship between corporate and product brand and employer brand (Fig. 5).

So based on the above research, the author has defined its own interpretation of the terms "employer brand", "corporate brand" and the relationship between them.

The Employer Brand is purposefully formed image of as an employer that is associated in target audience with clearly positive and unique set of tangible and intangible benefits of employment conditions that identify this organization in the labor market. Associations of target audience form a stable set of expectations and emotions in relation to the employing company and the conditions of employment in it. Company's employer brand is based on authentic knowledge and appraisals of employees, backed by their experience of interaction with the employing company. The role of the employer brand consists in its ability to attract, retain and create loyalty among target workers who can add value to product brands and strengthen them.
Employer brand provides employees understanding the essence of product brand and forming appropriate behavior of employees in delivering values to consumers. Employees will be able to deliver values of product brand if they perceive them themselves. So employees feel the positive attitude of employer and convey appropriate positive experience of product brand to consumers and customers (Mosley R., 2009).

The Corporate Brand is formed image of company in the minds of the major stakeholders; a set of stable associations that personify company and represent all aspects of its operations in all markets (commodity, corporate, labor market and government structures).

According to Fig. 3, employer brand and product brand are formed on the basis of corporate brand. The basis of communication of product brand is the unique selling proposition to consumers and customers, the basis of employer brand – the key employee value proposition. The purpose of product brand creation is to form a positive experience that encourages test and repeat purchases of goods and protects the interests of the corporate brand. The purpose of employer brand creation is to form a positive image of employer that encourages engagement, retention, loyalty and involvement of staff and protects the interests of the corporate brand.

The relationship between corporate brand, product brand and employer brand is that corporate brand is the main carrier of values, vision and mission of the company, and the
main components of corporate brand interpret corporate values for the target groups of stakeholders. Thus, an employer brand translates corporate values to the labor market by means of employee value proposition.

Conclusion

This paper investigates the structure of the corporate brand. The author believes that components of the corporate brand are product brand, social brand, business brand (goodwill) and employer brand. The employer brand is created in order to form positive impressions about the company as an employer, to create an image of company as the “best place to work”, to provide attraction, retention, loyalty and engagement of staff.

The product brand has the greatest influence on employer brand. The stronger product brand is, the more attractive company is as an employer. The better implementation of employer brand values to staff by company, the better staff delivers essence and fulfills the promise of product brand to customers and partners. A strong employer brand leads to increasing loyalty and engagement of staff, labor productivity, which in turn increases the income of the company.

Future developments of the topic are investigation of influence of attractiveness of product brand on attractiveness of employer brand; description of employer brand functions in the frame of corporate brand structure; development of employer brand strategies in connection to general corporate brand strategies.

Recommendations

Further research is recommended to determine and substantiate features and tools of employer branding as part of corporate branding.

References

Books

Journals


Internet Resources


