



Event report March 2008

# Commitment, engagement and employer branding

A report of issues discussed at a conference organised jointly by the London School of Economics, the Chartered Institute of Personnel and Development, and the London Metropolitan University

The Voice and Value Conference

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**Note:**

The opinions in this report are those of the speakers/authors, and do not necessarily represent those of the CIPD.

### Key points for action:

- Data from the Workplace Employment Relations Survey (WERS) suggests that voice appears increasingly to be an employer-generated phenomenon.
- Active employer care for employees appears to cascade to employee care for customers, and profit margins, in service-sector enterprises.
- Employee representatives in partnership organisations, especially when operating at multiple levels, face a challenge: balancing respect for 'top tier' data shared in confidence with duty to report to their constituents.
- The 'big idea' of employer branding currently carries questionable assumptions that need to be unpacked to inform practice.
- It may be a serious mistake to perceive employer branding as a universal concept; however, incorporating employee voice in its development in context is likely to enable enhanced reality-matching.
- Evidence suggests a positive association between corporate social responsibility (CSR) and employer brand image among knowledge workers, young employees, and women.
- While scope for greater sophistication in employee engagement metrics has been recognised, care is necessary to keep processes simple, and qualitative indicators should not be overlooked.
- Longitudinal surveys of employee perceptions of corporate values have been administered, using simple keywords to measure shifts from actual to desired positioning, for example 'profit-only' to customer satisfaction emphasis.
- HR is reaching out beyond its own functional boundaries to enlist brand management and monitoring expertise from other business partners, but will need to become more sophisticated in how such input is deployed in support for front-line managers.

# Commitment, engagement and employer branding

## First stage – overview and policy agenda

The eighth annual Voice and Value Conference was opened with a warm welcome from Howard Davies, Director of the London School of Economics (LSE). It is difficult to specify the exact role employee voice plays within employer branding, he said, but there is a case to recognise the contribution of employee voice to corporate strategy formation. Moreover, the way in which the taxonomy of employee voice is organised affects organisational self-perception. Thus, Davies welcomed the contributions of both academics and company representatives to the discussion of commitment and engagement within employer branding. Reflecting on a book review he had recently written on Paul Krugman's *Conscience of a Liberal*, Davies continued by noting the concept of 'direct voice is a big growth area' and, in light of declining unionism, he proposed the conference be opened with the following questions in mind: Why would employers generate voice, and what types of voices could be generated?

## Varieties of voice and workplace outcomes: an empirical analysis of British workplace data, 1984–2004

Paul Willman (LSE) presented the findings of analysis of the British Workplace Employee Relations Survey data he had undertaken in collaboration with Alex Bryson (Policy Studies Institute/LSE), Rafael Gomez (LSE), and Toby Kretschmet (Centre for Economic Performance). As a chapter in a book titled *Quarter of a Century of Words*, the paper presented an overview of trends between 1984 and 2004. Forming a core of the analysis is a model classifying management–employee communication along the axes of voice 'type' (unmediated/'direct' – for example problem-solving groups; or 'representative' – for example joint consultative bodies) and 'voice regime' (union or non-union). There is also, of course, a 'no voice' position.

The findings indicated a fall in representative voice and a rapid decline in union voice. However, a rise in non-union voice together with only a slight fall in dual voice (that is, a combination of unionised and non-union voice) and a relatively stable 'no voice' position suggested that workers continue to have an input within the workplace.

Willman argued that new types of voice have emerged, particularly referring to a 'mix of direct and representative voice'. Findings indicated that voice has become an 'employer-generated phenomenon'. Associating average labour productivity and 'quits' (that is, resignations within a given timeframe) indicated significant variances between direct and representative voice types and union and non-union regimes, suggesting that different forms of voice generate different outcomes. In conclusion, although unions are in decline in the UK, employee voice continues to exist. That being said, workplaces with union representation have the highest incidence of voice, supported by dual-channel voice in a third of all workplaces surveyed.

The question-and-answer session that followed explored the potential role of electronic communication within employee engagement and the future of employee voice. The nature of the data provided by WERS was also touched on and it was concluded that the data focuses on mechanisms and does not necessarily account for the richness or content of voice.

## Voice and employer brand at EasyJet

Mike Campbell, People Director of EasyJet, presented an intriguing overview of how the company's organisational culture, values and policies have contributed towards making EasyJet 'the best low-fares airline in the world'. EasyJet has a strong brand symbolised by the colour orange, which the

company strives to implement across borders, within each country they operate in. The 'orange' brand reflected in their services and products also features in the brand they offer to employees. To manage a 7,000-strong international workforce, a majority of which are union-represented, within an industry heavily governed by safety regulations, EasyJet has adopted an 'egalitarian' organisational culture symbolised by policies defined by 'no frills' and 'self-sufficiency' and based largely on electronic communication. The importance of communication or, in EasyJet terms, 'conveyance of understanding', is also reflected in recurrent training, inductions and brand engagement workshops.

Based on quantitative research carried out within the company, it was found that overall satisfaction and engagement of employees have risen from 2006 to 2007, as have key outcomes against financial and service measures. Campbell reported that a correlation existed between employee and customer responses, supporting his claim that if the company cares about their people, their people will care about their customers.

Campbell's presentation initiated a discussion on the exportability of an employer brand to other cultural contexts. It was questioned whether 'employer branding' as a rather 'Anglo-Saxon' method of encouraging employee engagement was appropriate for organisational cultures in other countries.

#### **Using the Information and Consultation Regulations to secure organisational value**

To end the first stage of the conference Allan Williams, 3M UK PLC Employee Relations Manager, and Mark Thomas, a process operator and union branch secretary at 3M Gorseinon, South Wales, examined the role of employee voice within a corporation with over 75,000 employees across 60 countries. It was explained that during the late 1990s and early 2000s, communication was elevated to a new level of importance within 3M UK, inspired by a call for 'true' employee engagement by Bill Griffiths, who later became Partnership at Work Project Director (Acas Wales). Operating a three-tier forum system provided an arena for management-workforce communication at different organisational levels, ensuring improved

flow of information within location forums, at the lowest tier, to the top-tier European Employee Forum.

A particular challenge for union representatives was that of balancing the need to respect confidentiality of information shared managerially at regional and international forums (sometimes before local managers had received it) while discharging their duty to the employees they represented. Specific to the 3M Gorseinon, South Wales facility, Thomas also drew attention to an issue (prior to the merger to form a single union covering all 3M UK employees) where inter-union tensions could hinder the effective flow of communications between management and workers. To conclude, Williams and Thomas explained that, committed to improving the communication process, 3M had implemented employee satisfaction surveys at different levels. Time constraints at this stage meant that detailed consideration of this aspect had to be deferred to informal dialogue outside the presentation.

#### **Second stage – state of play**

##### **Employer branding: time for a hard look at the theory and practice**

Graeme Martin (Glasgow University) opened the second stage by suggesting that although the concept of employer branding is a 'big idea', it was based on some 'questionable assumptions around human capital and woolly thinking', introducing a degree of healthy scepticism to the debate. Martin suggested a lack of coherent thought persists on how 'branding' theory is supposed to work, and if it does work in practice, in what context is it most likely to be effective? He argued that employer branding has much to learn from marketing and communications, and is a product of the 'war for talent'. However, uncritically assuming that human capital and talented individuals by themselves directly drive innovation and performance is more problematic. Martin called for clarification of the definitions used to discuss employer branding, distinguishing between human and brand capital, reputation capital, organisation legitimacy and corporate governance agendas (for example CSR). Informed by evidence from the banking sector, Martin suggested that, although strategic choices on standardisation of brands affect the employer brand

image a firm may wish to promote, organisational identity is influenced by individual identity through 'personal contracts'. In other words, self-perception is used to construct an *image*, an autobiography if you like, and perceptions of others are used to create a *reputation* or a biography of a company, both of which are central to employer branding images.

Empirical evidence was presented in the form of several studies from a variety of country contexts, which indicated that employer branding contributes to job satisfaction, performance and to attracting new talent. However, the factors determining the attractiveness differed, suggesting that assuming a one-size-fits-all notion of employer brand and its consequences is a risky proposition.

### **Employer branding: where to next?**

Martin Edwards (Kings College) explored the roles organisational identification (OID) and personal identity (PI) may play in the future of employer branding. Edwards suggested that OID links the self to the organisation, enabling employee engagement, thus setting the goal for employer branding. His argument was supported by previous work by Ashforth and Mael (1996), who describe the congruence of personal and organisational identity as 'the person-organisation merger'. According to Edwards, a positive image and attractive reputation stood as driving factors behind OID, implying that how the employer treated employees was directly linked to the extent to which employees were likely to identify with the company. According to Edwards, because employees act as 'walking talking brand agents', ensuring that employee voice is recognised in constructing and maintaining the employer brand is critical.

Edwards went on to examine 'ownership' of the brand. He suggested that if brand is an entity owned by an organisation, rather than an employee, it implies a 'downward imposition of values', thus calling into question the authenticity of employee voice.

In response to his own question – whether employer branding was here to stay – Edwards argued that, due to 'the war for talent', the future of employer branding is secure. Edwards suggested three potential directions for the future of employer branding:

- employee personal branding and employment branding alignment
- employment branding and engagement
- employment brand equity.

According to Edwards, several questions warrant further investigation. He questioned whether employer branding is taken seriously. Organisationally, exhortation to 'live the values' appears to persist but is not always supported by appropriate actions. Edwards recounted a humorous story that in one large corporation HR people talked of the centrality of 'brand value' to what they do but, when prompted, were unable to articulate what the values actually were. Perhaps a little exaggerated, the tale nevertheless suggested that, regardless of how seriously it is taken, employer branding is intrinsically linked to individual psychological contracts via 'a set of complex activities', which differ depending on the organisational context. The conclusion echoed Martin's argument that each case needs to be examined within its own context.

### **Identity and commitment in the new workplace**

'Confessing' to hijacking the presentation in his co-author Bruce Rayton's absence, Steve Brammer (Bath University) presented on the interface between corporate social responsibility (CSR) and employee perception. Brammer and Rayton's research focuses on 'the impact of value-based organisational "brands" on employee perceptions and activities'. The study examines how employees see CSR initiatives and how such perceptions affect employee attitudes and activities in the workplace. Brammer and Rayton also asked 'to what extent they can offer evidence of a "business case" for CSR that originates from the interface between employees and organisations'.

To complete the investigation, consulting employee records and monitoring team performance supplemented survey administration. Adopting such methods required high levels of engagement with organisations. Brammer highlighted the problem of presenting results acontextually due to the confidential nature of part of the research information. Based on the research findings, it was suggested that CSR policies influence employee perceptions of organisational values, impacting workforce motivation,

satisfaction and commitment, which results in reduced absenteeism and turnover and higher job performance. It was also indicated that employee segments most receptive to branding initiatives were 'knowledge-intensive professional workers, the young and women'.

Brammer concluded that advocating CSR policies can however assist companies in building their brand reputation. In other words, branding 'pays off' by potentially contributing towards a more motivated and high-performing workforce. In future research, he plans to explore how aspects of CSR may promote well-being in the workplace, paying particular attention to how organisations promote employee health and how such initiatives are perceived by employees.

#### **Q&A session for second stage**

The authenticity and credibility of employee voice was questioned by some participants, provoking a debate about who is really 'pulling the cords' – referring back to Edwards' discussion of 'brand ownership'. Martin responded, referring to his earlier argument regarding the role of psychological contracts, and suggested that marketers would argue that brands need to be local and that, given time, organisations will need and will have the technology that enables them to treat people as individuals. The point was reprised as to whether or not brands can successfully transcend cultures and country borders. Although, clearly lacking 'one right answer', the feeling was of inconsistency currently between managerial words and action. Unanswered questions arising out of this discussion may be fruitfully subjected to scrutiny in future research.

#### **Third stage – the practice and processes**

##### **Driving engagement at Vodafone**

Embarking on an exercise to reduce the disparity between consumer and employee research, Richard Ellwood, a consumer market research specialist with Vodafone, had discovered that Vodafone's processes for gauging levels of employee satisfaction involved a multiplicity of surveys, many of which replicated lines of inquiry. How employee engagement was measured needed a redesign to improve the sense among employees that their opinions were valued. Ellwood

described a new, simpler measurement and monitoring process based on quantitative data collection matched to the following metrics:

- employee engagement index, measuring the functional factors of engagement through a set of six questions
- research panel indicators, covering all ad hoc research
- net promoter score (NPS), a process that measures factors that drive the relationship between employee and brand.

To 'add some colour' to the quantified aspects, 'bringing the research to life', an initiative has been taken to segment the high-level statistical summaries 'to enable people managers to better understand the profile of their teams and to surface areas to focus on to drive employee engagement'.

By examining a 'competency curve' in how employees were managed, it was determined that after a certain time their sense of achievement declined, in turn reflected in levels of motivation and performance. Ellwood presented a correlation between management competencies and employees wishing to leave the company, suggesting managers should carry more responsibility and seize the opportunity to drive positive employee relations.

Vodafone was committed to using these 'insights' to create accessible reporting, 'granularity' of reporting, partnerships between employees and management, and analysis-informed action plans. Once problem areas were identified, recommendations on methods to improve employee engagement needed to be selected. As a conclusion, 'it is not enough just to measure employee drive and engagement; it is equally important to know how to utilise these results effectively, surfacing front-line management support issues' to be addressed by HR specialists.

##### **Employee voice in highly engaged workforces – possibilities and prospects**

Jonathan Sandler of ANZ explained how the company's research into employee engagement resulted in the implementation of a cultural change programme, titled *Breakout*, which transformed

employee perceptions and attitudes toward the company. The programme aimed to 'align people with their jobs' and encourage effective teamwork and communication. Sandler explained that one method used by the company to engage how employees felt was to ask them to select from a list words that they thought best described the values of the company. The survey showed that a significant shift had occurred between 2000 and 2007 away from a focus on 'profitability' to 'customer satisfaction'.

According to Sandler, communication was encouraged through initiatives such as an online 'CEO chat', Mortgages Communication Council, Personal Ideas Bank and several other forums. Sandler also highlighted a shift in communication approaches between ANZ and recognised trade unions. Focus on constructive engagement, forming partnerships, problem-solving, improved processes of information-sharing, and coherent and strong legislative frameworks were key changes in ANZ's new and improved policy of engagement with the unions.

ANZ implemented the *Breakout* programme throughout its operations in Australia, New Zealand and all offices in the Asia-Pacific, giving practical voice to the questioning earlier in the proceedings about attempts to transfer Western employment brand management across organisational contexts influenced by the immense variety of cultures represented in the Asia-Pacific.

In conclusion, Sandler reiterated that collaboration between employees and management is key to higher performance. In sync with the ethos of the day, it was concluded that voice is a collective mechanism that connects people and enables employees to have an input into the organisation. Moreover, voice can be captured in a variety of ways through different processes and technologies. Most importantly, voice has to be acknowledged and acted upon to have value.

#### **Q&A session for third stage**

A debate on management responsibility ensued. It was suggested that managers should bear a degree of responsibility in tackling employee disengagement. Management attitudes towards the importance of employee engagement were also questioned and it

was suggested that team performance could often be traced to leadership. Ellwood agreed, but pointed out that the issue had to be examined in a wider context. At ANZ, Sandler argued, continual feedback from managers regarding team performance assisted in addressing problems when they arose.

Qualitative versus quantitative research methods, a common theme during the day, continued to be a focus of discussion. Companies as well as many academics appear to favour 'metric means' of evaluating employee engagement. However, it was suggested that quantitative data only provide partial indicators: using qualitative and quantitative methods 'in tandem' would produce a more complete image of how employee branding may contribute to positive employee engagement.

#### **Fourth stage – the great debate**

A panel consisting of N. Sundar (consultant), Clive Wright (Mercer), Willy Coupar (consultant), Tim Fevyer (Lloyds TSB) and Duncan Brown (PricewaterhouseCoopers) appeared to agree with one proposition emerging from the day's presentations. More sophisticated models of measurement were needed to accommodate different employee voice-branding contexts. Coupar in particular questioned 'how does the voice proposition get crystallised and articulated in a way that is more sophisticated than filling in a survey', reflecting back on earlier discussions of appropriate research methods.

Definitions of employer branding and employee engagement appeared unclear. Both Sundar and Wright agreed that employer branding is essentially about companies positioning themselves uniquely to attract talent. According to Sundar, brand relates to the perceived value of a given item or concept. Wright then went on to question why branding should have become such a hot topic in recent years, given that companies should have always been positioning themselves in such a way.

Transferability of organisational culture across borders was again highlighted and met with a degree of scepticism. People are different and need to be treated accordingly, questioning the applicability of 'one size

fits all' brands. According to Wright, employee engagement is about recognising employee choice. If companies offer brand choice to customers, it seems logical to offer such a choice to their employees. Fevyer's example of Lloyds TSB's five distinct employee brands illustrated a practical solution to meeting a variety of employee needs. Fevyer highlighted the importance of 'action voice'. He emphasised that 'voice' needed to be actualised: data collected through surveys and scores should be used to stimulate dialogue. Brown emphasised the role of leadership.

Once the floor was opened to questions, a first participant drew attention to the dictionary definition of 'branding' as something that implies marking of ownership. It was therefore suggested that use of such terminology was inappropriate in relation to employees as independent contributors to organisational processes. Reflection by the panel led to the suggestion that the terminology was open to interpretation: the idea needed to be articulated simply to ensure that everyone, not just academics or policy-makers, understood employment branding.

Among other points from the floor was a question making reference to the interface between job type and employer branding: how might brand be defined if a particular job has no relevance in terms of brand image? And the proposition was made that in recent years 'job hopping' has become a growing phenomenon. That being so, how can employees identify with an organisation in light of frequent job changes? It was noted, with an eye on the clock, that these issues suggested plenty of room for ongoing debate at next year's event!

The co-organisers drew the conference to a close, echoing the assertion that employer branding and employee engagement appear to be about stimulating dialogue, moving the debates beyond an earlier focus on information and consultation institutions. While the evidence was that management-generated voice appeared to be in the ascendant, universalistic models of how to achieve effective dialogue within the employment relationship had been subjected to due scepticism. Further examination into what lies at the core of branding, and how the process of employee engagement signifies the journey of where an organisation is headed, offered potential for the attention of researchers, policy-makers and managers alike. There was a residual trace of Howard Davies' opening remarks: employee voice, by encouraging engagement, impacts workforce motivation and performance across industries. But 'voice' comes in a variety of shapes and sizes of equal importance – and its ownership remains potentially contested.

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