
CONSTITUENTS OF EMPLOYEE BRANDING: A STUDY OF INDIAN BANKS

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Abstract: In the banking industry, the customers visualize the brand as a financial partner and the employees designated as relationship managers are viewed as the single point of interaction between the customer and the bank. The employee brand is the brand image presented to an organization's customers through its employees. By strategically projecting the employee brands, the overall impression of the brand can be enhanced. The present study makes an effort to explore the constituents of employee branding using factor analysis. It also makes an effort to create literature on how organizations can use these factors for brand building. The study was conducted in two stages amongst middle and senior level managers working in six different banking brands across India. The results indicate the existence of six factors that constitute employee branding. These factors when applied in day to day working of banks can reap results in terms of consolidating customer base.

Key words: employee branding; brand building using employees; employee strategies for banking; internal marketing; banking in India; internal communication.

Introduction: The emergence of a market overwhelming with alternative product options has enhanced the value of brand and constructing a power brand seems to be the only route to market existence. Branding has become the hub of activity and a mandate for a firm to stand apart from its competition. Managers have discovered the value of brand as a strategic asset and a company's primary source of competitive advantage. In the service industries, when the marketer has no tangible product to frame and the customer has nothing clear to perceive and assess, branding can become a little more complicated. Building strong brands in the competitive and dynamic environment, as today is not only essential but also challenging. The strength of the brand is measured in terms of the customers it can please and the revenue it can generate thereafter. The human resource department has realized the fact that an important parameter to brand building is employee branding. Employees who represent the brand in multiple interfaces with the customers can provide an edge over all advertising expenditures put together. Also

external marketing needs to be supported with internal marketing. The current HR training agenda is framed around the objective of developing employees as means of building brands in customer's minds. Employee branding is not only important but mandatory for completing the branding parabola. Employee branding is conceptualized by Miles and Mangold (2004) as the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents. According to their view, employee branding takes its roots from organization's mission and values. This provides the foundation for brand image. Communication thus designed cultivates corporate culture and in turn facilitates their communication with customers and co-workers.

The Rs 64 trillion (US\$ 1.25 trillion) Indian Banking industry is poised to grow exponentially in the coming years (India Brand Equity Foundation, 2012). But according to a study conducted by MyHiringClub.Com (Business standard, 2011), banking is one of the sectors

experiencing employee attrition rate of as high as 18%. Employee branding is an important issue in the Indian banking industry due to the evident high employee turnover. It has been asserted in a study on Indian banks by Kaur et al. (2010) that longevity of the employment relationship also affects the level of organizational commitment at each career stage. Meyer and Allen (1984) suggest that younger employees might have more commitment because they are aware of the fact that with less work experience, they often have fewer job opportunities elsewhere. In this service industry, the interaction between the customer and the relationship manager (a common designation very prevalent in the private sector) is the true reason for customer retention. Employees tend to play a deciding role in customer satisfaction and as they shift their employer bank brand, the customer may switch with the employee, especially in times when opening an account in any bank has become an easy affair. Also, customers don't mind maintaining bank accounts in multiple brands and branches. While building brands in service-led industries, it makes sense to focus first on the service the company offers. Customer service has become central to brand building which makes the role of service provider important. Internal marketing revolves around the notion that employee should be treated as customer. The philosophy makes sense – a workforce will only deliver outstandingly good service if they are treated well themselves and believe in the company they are representing. Internal marketing is used as a back end of employee branding. Internal marketing treats employees as customers, employee branding used employees as brand representatives. If internal customers are happy, they deliver effectively to external customers. Internal branding refers to the activities employed by a company to ensure intellectual and emotional staff buy-in (Thomson et al., 1999) into not only the

corporate culture, but also the specific brand personality invoked within this culture. As brands can be described in terms of personality, character, attitudes, motivations and even emotions, they acquire meaning not only for the external customer, but also for employees who deal with the brand on a daily basis and thus represent it to the public in general and customers specifically. The core objective of internal branding is the attainment of competitive advantage not through easily replicated core business practices and policies, but through people (Jacobs, 2003).

Methodology: The study was conducted among senior and middle level human resource managers from the banking industry of India. The banks included in the study were State Bank of India, ICICI Bank, HDFC Bank, HSBC, Axis Bank and Oriental Bank of Commerce. The study was conducted in two phases. The first stage was exploratory in nature and helped creation of scale for stage two. In stage one of the study 15 respondents were contacted using snowball sampling technique. In this stage senior level managers were approached to understand their views on what should be constituents of employee branding. In stage two of the study a set of 75 senior and middle level managers was contacted across different branches of the six banks in the nation.

The data in stage one was collected using semi structured interviews. The data collected during this stage underwent qualitative analysis using content analysis technique. Using paraphrasing and language processing technique, those areas are identified which could formulate employee branding scale. This information was drawn in to a structured questionnaire pattern using a set of question statements. These statements were scaled on 5 point agree-disagree like rt scale.

Results: The data collected from the study was analyzed statistically. To begin with the scale was tested for reliability using cronbach's alpha. The test result indicated a reliability of 0.850 for

the scale. KMO, Kaiser-Meyer-Olkin Measure of Sampling Adequacy showed a result of 0.729. Bartlett's test of sphericity was also significant (10081.039) at 99% level of significance. This indicates that sufficient correlations exist among variables to conduct factor analysis. The item-total correlation of the attributes was computed. Since none of the attributes was found to be insignificantly (level of significance being 0.05) correlated with the total score, all the attributes were retained. Factor analysis was conducted using principal component method with varimax rotation. None of the variables were cross loading. The factor table shows six factors with cumulatively explain 65.8 percentage of correlation.

Factors of Employee Branding: The first factor extracted from the results was **Effective internal communication**. An effective use of 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 (Interbrand Insights, 2001). If employees clearly understand the brand, and its brand promise, the total impact of the brand can be realized. Harris and de Chernatony(2001) also suggest that if the organization expects the employees to internalize the brand, they need to develop a shared understanding of what their brand stands for. In addition, according to a recent study by Ahmed et al. (2003), employer branding needs a more integrated internal marketing mix consisting of three groups, top management, business process support and cross-functional coordination which includes internal communication. Factor 2 has been named **Empowerment**. In order to perform effectively, the employees need to be empowered to perform the functions they are recruited for. These efforts also work as a node of involvement from organization's side. It has been asserted several times that employees tend to respond favorably to any positive attention they get from the organization and this is evident in performance. **Active participation** was the third factor of the study. The very initial step of

motivation is the sense of ownership. Employees need to feel about the brand the way brand makers do, in fact, they need to share the ownership of the same. While doing so employees need to be made aware each step brand has taken or intends to take. Transparency enhances relationship. The first engagement the brand needs to make is with the employees, which is further handed over by these very employees to the customers. Employer branding aims at creating a holistic process by virtue of which the organization develops their employees' positive attitude and commitment (Ind, 2004). The next factor has been named **Inspirational drive**. Actions speak louder than words. Organizations cannot build brands among employees by only entrusting responsibilities, each responsibility needs to be followed by rewards. Recruiting, motivating and rewarding staff (Bergstrom et al.,2002) are all aspects that can influence the readiness among employees to adopt a new or altered strategic direction with respect to the internal brand. This can be done by first developing precise standards of performance, measuring performance and then creating motivating rewards. **Magnetize stake holders** is the name given to next factor. While the involved, satisfied and inspired employees work in a well supported system, they not only pull customers to the brand but also other stakeholders, most importantly other employees, customers as well as team members. Dunmore (2002) shows that employees tend to get molded to the organization's purpose by their experience in the organization. The last factor extracted in the study is **delivering the promised**. The promises set as standards and performance parameters should not be used like bonuses or incentives but have a special process of measuring performance and then recognizing contributions by employees. Care should be taken when designing bonus systems to ensure fairness and avoid fostering internal competition (Bak et al., 1994; Kelemen and Papasolomou-Doukakis, 2004).

Implications: The results of this study have significant implications for managers and researchers alike. In case of banks, customers look the brand in the long run and thus need an

individual who stays with him for a long time. No customer can accept a constant change in his relationship manager. Employee branding strategies are not just important but mandatory for banks. The factors suggested by this study can be used by managers in designing employee training and development strategies. During orientation employees should be given an understanding and application of customer orientation. Also, if the organizations need to live the dreams created by their advertising messages, employees need to support the promises. If the employees understand the brand and internalize it, they can deliver it more effectively.

As for the researchers, a similar study can be conducted for other sectors also. Employee branding scale developed in the study can be used as well as modified for future studies. This study has been conducted from managers point of view; the implementers i.e., the employees' view can also be included in the scale. This scale can be tested for other economies also where the customer culture could be different. The effectiveness of employee branding can also be tested in the future, though this could take a little time because employee branding is still in nascent stage in India. Surely this concept should be applied at priority to reduce attrition rate in the Indian market where most customers are fence sitters.

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