Evaluating private and state-owned company differently? The role of corporate reputation in employer brand building

1. Research background

China, as a fast growing country which plays an important role in the global economy, is experiencing a huge talent shortage. In 2013, 35% of surveyed Chinese employers indicated they are experiencing talent shortages. Although talent shortage in 2014 and 2015 declines to 24%, it still presents a significant challenge for Chinese employers to fill their talent pool (ManpowerGroup, 2015, 2014 and 2013).

We argue that the proposed challenge can be effectively addressed through the lens of employer branding (Elving et al., 2013). Employer branding extends the branding literature and practice on human resource management, with the aim of building an attractive employer brand image and increasing the number of job applicants (Martin et al., 2004). This increasing number of job applicants would provide a larger talent pool, so that companies can have a wider selection of talented employees in the later stage (App et al. 2012). It is argued that employer branding attributes, such as organisation identity and corporate reputation, contribute significantly to job seekers' likelihood to apply to the company (Maxwell and Knox, 2009; Ambler and Barrow, 1996).

This study will examine the instrumental-symbolic framework which is widely adopted in branding studies to discuss how branding attributes attract target customers (Van Hoye et al. 2013; Knox and Freeman, 2006). The importance of symbolic functions in employee attraction is significant, especially when functional differences between different employers brands are limited (Backhaus and Tikoo, 2004). Corporate reputation is defined as one of the employer brand symbolic attributes which job seekers review in their decision making. Job seekers' reputation perceptions focus on the beliefs of each individual, such beliefs influence employees' assessment of how attractive the company is (Backhaus and Tikko, 2004; Dutton et al., 1994).

2. Module development

2.1 Reputation Perceptions

Corporate reputation is defined as a job applicant's perceptual representation of a firm's overall appeal compared with other firms (Kim et al., 2011). It is 'a rare, valuable, inimitable, and non-substitutable resource that provides a competitive advantage' (Turban and Cable, 2003, p.746). Job seekers' early impressions of the company serve as strong predictors of the applicants' attraction, and may lead to their acceptance decisions. Therefore corporate reputation may impact upon a job applicant's decision and how fast they make such decision in the job market (Kim et al., 2011; Lievens and Highhouse, 2003).

2.2 Familiarity with the employer influences reputation evaluation

Job seekers' familiarity with their employer is positively related to their beliefs about company reputation (Cable and Grahman, 2000; Gatewood et al., 1993). Firm familiarity shares similarities with the concept of brand awareness in the marketing field where customers value brand awareness as a signal of brand quality (Turban et al., 2001; Aaker, 1991). Employees also link brand awareness, in recruitment literature, with the quality of the future employer. Because of the uncertainty associated with unfamiliar companies, job seekers describe companies with a more familiar name as less risky to work for (Turban et al., 2001). Therefore, the more the job seeker is familiar with the company, the higher they

perceive the company's security to be and are therefore more likely to choose to work for the company.

Signalling theory helps to further understand how familiarity with the employer positively influences job seekers' reputation perception (Wilden et al., 2010). Customers make their purchase decisions based on the company's brand and reputation when they have limited information for judging the products (Kim et al., 2011). Similarly, when job applicants have less information about the job itself in the early recruitment stages, they may find difficult to make inferences about an unknown job due to the unavoidable information deficit. Corporate reputation, as the signal in the early recruitment stage, plays a significant role in motiving job seekers to make their decisions (Kim et al., 2011; Collins, 2007; Turban and Cable, 2003).

2.3 The match between company reputation and job seekers' self-identification influence reputation evaluation

When the company is identified as reputable, job seekers' identification with the employer brand is strengthened. This organisational identification is the attitudinal contributor of employer brand attractiveness (Dukerich et al., 2002).

Job seekers perceive the company as attractive when the company reputation matches with their personal identity. Especially when company reputation closely matches with how job seekers' identify themselves, they incorporate the company's characterstics into their sense of self and believe there is value congruence between them and the employer (Dukerich et al., 2002; Dutton et al., 1994). For example, an employee with an ambitious personal career development plan may not associate themselves with firms that do not value staff career development as important. An individual who believes in the value of working hard may lead him/her to choose a more challenging job over a less challenging one (Slaughter et al., 2004; Cable and Graham, 2000). The other reason why job seekers find a company with a similar identity attractive is they believe that the information which reflects the corporate culture and value can be easily understood within such companies (Dutton et al., 1994).

2.4 Growing in self-esteem and social identity

Customers pay more for products with strong brands despite the fact these products may share the same utility characteristics as lower price products. Similarly, job seekers may accept a lower wage from a company which could increase their value and self-esteem. It has been shown that job seekers will accept approximately 7% less salary for a job in a reputable company compared with a company with negative reputation (Cable and Turban, 2003).

Another reason why job seekers value company reputation significantly, is because positive reputation brings benefits for employees to build their self-concept and social identity. Customers value brand reputation in the market. By associating themselves with a well-known brand, customers assume this will help to improve their social identity. Similarly, employers are important in building people's self-concept and social identity; job seekers would also hope to improve their self-esteem by associating with highly reputable organisations. As a result, job seekers feel proud after joining well-known organisations (Cable andTurban, 2003).

2.5 Presenting the model

Based on the above discussion, a model is developed to be tested (See the developed model in the Appendix).

3. Social culture and value influence employees' reputation evaluation: the case of state-owned company

Chinese employees' behaviours are predicted to be shaped by the unique social-culture and value system. In a collectivism dominates culture where the concept of pride and relationships are the most important elements in influencing peoples' decisions, Chinese

people value the compliments as a way to keep their pride. As a result, Chinese employees are largely concerned with how others perceive their working places and job title, especially the opinions of people who they share a close relationship with – such as parents and friends (Katsioloudes & Hadjidakis, 2007; Tayeb, 1995). One of the reasons for this is that they can earn 'face' among family and friends by working for well-known, respected companies (Turban et al., 2001).

'Face' is explained as 'the respect, pride and dignity of an individual as a consequence of his or her social achievement and the practice of it' (Gamble & Huang, 2008; Hwang, 1987). Working for state-owned companies is considered to bring 'face'. The main reason is that state-owned companies in China are identified as providing lifetime job security and benefits as opposed to private companies. Jobs in a state-owned company are labelled as the 'iron-rice bowl', which means that the possibility of losing a job is low. Although averagely the salary in state-owned companies is less than other jobs, at the same time, the offered benefits, such as health insurance, retirement plans, and the benefits for buying the property are much higher. Workloads in state-owned companies are relatively non-strenuous. Additionally, as the companies apply an equalised compensation across employees, employees' pressure to get promoted is lower (Turban et al., 2001). Therefore it is predicted that the extent of how people evaluate the reputation between state-owned companies and private companies are different.

4. Proposed Methodology/approach

To investigate the role of corporate reputation in employer brand attractiveness, a survey was developed to collect data from both employee in private companies and state-owned companies. Participants are from a range of different positions within their companies and the private companies are in manufacturing sectors. This survey used established scales and currently there are 280 responses (245 from private companies and 35 from state-owned companies). Data collection is still in progress.

5. Conclusion and Potential Contribution

By reviewing the literature on employer branding and the process of building a positive employer brand image, this paper argues that characteristics of employer branding, especially organisation reputation, influence job seekers' perception of the prospective employer. Potential contributions of this paper include advancing the understanding of employer branding by explaining clearly that employer branding is a cross-disciplinary study. We will demonstrate how employer branding is related to traditional branding theories and discuss how it can apply to employee recruitment. Secondly, how organisation reputation, as one of the important symbolic attributes influence the attractiveness of an employer will be investigated in detail. In addition, existing studies have been conducted predominately within the context of Western companies (Wilden et al., 2010; Knox & Freeman, 2006; Maxwell & Knox, 2009; Del Vecchio et al., 2007; Berthon et al., 2005; Lievens & Highhouse, 2003; Lievens et al., 2003). The specific perceptions of Chinese employees' towards employer branding attributes are not captured yet, primarily due to the unique sociocultural and national environment. Therefore, the third contribution is that this paper will assess what employer branding attributes, especially corporate reputation are perceived as important within the Chinese social and value system.

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Appendix: Developed model