P A U S E
SCHOLARSHIP

EMPLOYEE RELATIONSHIP

MARKETING

PERSONNEL MANAGEMENT

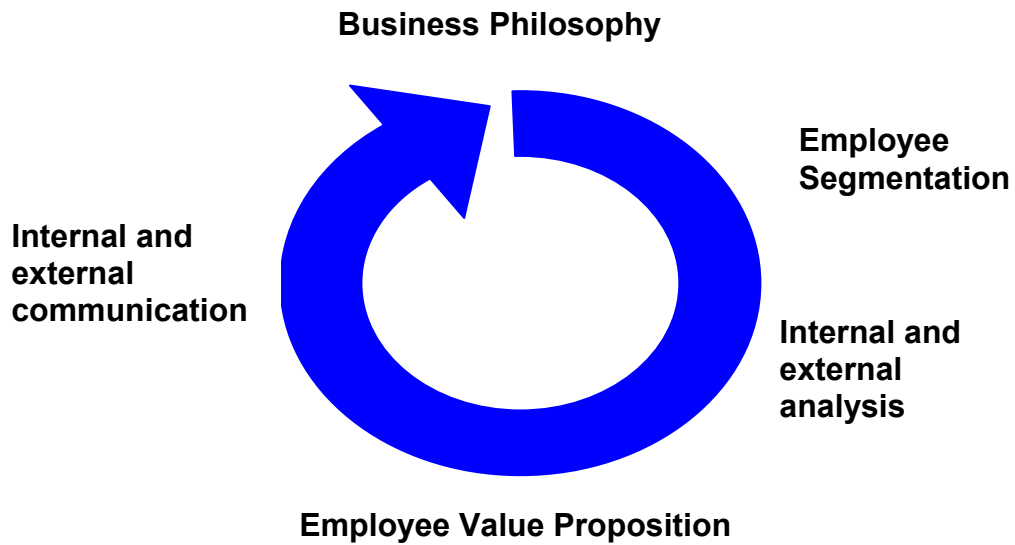ABROAD BY

UNIVERSITY STUDIES AND

EXPERIENCE

CONTENT

ABSTRACT

The report presents a study of why it is important to work with Employer Relationship Marketing (ERM) and examples how to do it. This report is a theoretical study on methods used in Customer Relationship Marketing (CRM) and how they can be used to market a company as an employer.

The main conclusion is that companies should act like marketers in their pursuit of the best employees, just as they use their marketing expertise to compete for customers. Thinking of recruiting as a marketing activity means addressing issues of market (employee) segmentation, product (role/position) design, and promotion (of job availability) in ways that attract potential employees. By competing for employees using the same strategies it uses to compete for customers, the organization essentially creates a marketing plan directed at identifiable employee market segments.

The winners in this New World of employment will be those who have well-planned, integrated employment strategies that respect the employee as a customer. Competitive employers are definite about their needs, they plan their job descriptions carefully and they link their hiring to their business strategy in multiple ways. They also have a concept of their ideal candidates and they have a clear proposition to these candidates and they know how and where to find them.

The key figure in the report illustrates the ERM process and are shown on the next page:

Business Philosophy

Employee Segmentation

Internal and external communication

Internal and external analysis

Employee Value Proposition

Business philosophy;

This is the foundation for Employee Relationship Marketing (ERM) and the framework for the rest of the process.

Employee segmentation;

Having the business philosophy in mind finding the right groups of potential employees who will fit the company.

Internal and external analysis;

Uses to understand the company internal identity, external image and expectations from employees both inside and outside the company.

Employee Value Proposition (EVP);

The EVP is everything that the company "offers" the employees, such as, actual role, culture and development.

Internal and external communication;

This is where the company finds the right channels to market its image. Internally to get acceptance and build commitment. Externally to attract "the right" people for the company.

PREFACE

This report is the result of a generous scholarship given to me by the PAUSE foundation – Personnel management Abroad by University Studies and Experience. The PAUSE foundation annually provides two scholars with means for a six months study at a foreign university.

To be given the opportunity to spend time abroad and experience learning, language and a different academic culture – in my case Wharton School of Business at Penn University, Philadelphia, USA – is of great personal value. It has given me new insights, about my subject, of the world of academia and hopefully, life long friends. I would like to thank the PAUSE foundation board especially Bertil Rasmusson and Torsten Lundberg who have made this report possible.

The text of this report is my own – nobody else can be blamed for the ideas, propositions or ways I have treated facts and opinions. However, a report is seldom the result of one single person – there have been several individuals that have coached me, helped me whit books and other facts and supported and encourage me to finalize this report. I would especially thank the Center for Human Resource at Wharton School of Business for my stay and their support, Jörgen Hansson for being my mentor and Maggie Rogers for helping me out with my English. I would also thank my employer Arla Foods who have supported my stay in Philadelphia and given me time to be away from my usual work.
Last but not least, I would like to give my other half, special thanks for coping with me being away for several months.

Stockholm, April 13, 2002

Fredrik Stranne

BACKGROUND

This chapter describes the different forces, both inside and outside the company, which influence the labor market and the relationship between employers and employees.

FUNDAMENTAL FORCES CAUSING THE WAR FOR TALENT

THE BABY BOOM

The baby boom has unbalanced the labor supply and as Kathleen Connolly says in *Competing for Employees, 1991*; demographers claim that this situation is unlikely to change for many years. In fact, demographical statistics are easy to find and can, together with other information, help companies with strategic recruiting. Companies should investigate demographical data on their own so that they are aware of trends such as turnover due to retirement. This can lead to a labor shortage in different groups in the company.

MOVING FROM THE INDUSTRIAL AGE TO THE INFORMATION AGE.

Ed Michaels explains in *The War for Talent,* how the Information Age was born in the 1980's and this new era led to the "war for talent" began. Michaels defines the "war for talent" as the effort to attract and retain highly talented people. He describes talent as, "the sum of a person's abilities – his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive." (Ed Michaels, 2001) The importance of fixed assets—machines, factories

and capital—declined relative to the importance of intangible assets such as networks, brands, intellectual capital and talent. Companies now needed more knowledge workers to run their businesses. In 1900, only 17 percent of all jobs required knowledge workers; now over 60 percent do (Ed Michaels, 2001). The shift towards an information-based economy means it is increasingly important to get top talent since the differential value created by the most talented knowledge workers is enormous.

A MORE DIVERSE WORKFORCE

Workforce diversity challenges old assumptions about management, in all of its many phases from attracting employees to the day that they leave the company. From recruiting and hiring, through compensation and performance appraisals, culturally diverse worker populations have different employment preferences, communication styles, and work habits. If companies learn how to deal with these issues they can turn this extra effort into the advantage of having a greater labor market to recruit from, as well as being ahead of probable legislation in this matter. (Connolly, 1991)

STRUCTURAL FORCES CAUSING THE WAR FOR TALENT

THE POWER SHIFT FROM THE EMPLOYER TO THE EMPLOYEE

In his book *The New Deal at Work (2001)* Peter Cappelli describes how market forces are undermining the long-term relationships between employer and employees that were typical of the early and mid 1900's.

In the early twentieth century, the traditional relationship between employer and employee was forced on industry by wartime controls put in place during World War 1. These controls safeguarded the labor supply. This relationship provided the employees with high levels of job training, and this security created loyalty and the possibility to climb up the ladder. All of these developments increased the employee's motivation. This long-term relationship was criticized by some for creating industrial feudalism where employees essentially could not leave.

The shift of power back and forth from employer to employee, based on conditions in the labor market (in times of prosperity employees have a bigger possibility to change jobs then in times of depression) diminishes employee loyalty to an organization and replaces it with a greater attachment to their careers and their specific assignments. This makes employers afraid of losing their employees, and they are, therefore, not prepared to spend a lot of money training them. There will be problems for both employees and employers if this trend continues. Employees will have to take care of their own training and focus on their "employability." In the long run, there will be an A and a B team of employees—those who have resources to provide for their own skills and careers and those who do not. The employer, on the other hand, will have problems keeping enough skilled employees because training, one of the incentives that keeps employees, will be gone.

Retention, training and commitment are the three major areas to focus on in order to cope with the new balance of power in the labor market. One way to improve retention is to increase pay and other compensations. Although pay can provide a temporary solution, it will not make employees stay in the long run. Companies have to consider new ways to use compensation when work relations change towards short-term relationships. Compensation strategies should

reflect this change with clear incentives specifying in detail exactly what outcome will be rewarded in what way. A problem that can occur when compensation for a particular job is increasingly shaped by the market wages is compensation unfairness where seniority, responsibility and job-performance are put aside. The company should be prepared for these eventualities, and have a strategy to cope with them.

Another way of handling retention and commitment is to try to treat employees as free agents, and use a legal contract to govern all aspects of the projects over which they have ownership. This might mean giving them short-term work contracts as is common practice for professional sports players or temporary workers. Trying to build social ties is another way of making employees stay longer as colleagues tend to be an important factors that increases employee loyalty. Both work reorganization and team building processes can do this.

One of the newest ways of coping with the training issue is to require employees to stay for a minimum period after receiving training, or making them pay back part of the training expense if they leave. Having trained employees teach other employees is another way of maximizing employee training. Companies that can find ways to combine work and learning will have a competitive advantage in attracting employees and a cost-effective way to share knowledge throughout the company.

Which employer will come out on the winning side of the war for talent depends on their ability to adapt? The winners will be employers who find ways to manage employee commitment, develop the skills the employers need, and retain needed workers in the context of a much more open and competitive labor market.

THE RISE OF SHORT-TERM ASSIGNMENTS AND CONTRACT WORK

The current generation doesn't believe in the traditional arrangement at work that includes long-term employment relationships, investment in employees and commitment to their job security. Today's employees are more willing to take risks, and they feel that it is acceptable to fail every now and then. They build their careers across jobs, not staying in one company in one job all their life, and prefer a flat hierarchy with autonomy and clear performance management guidelines (Cappelli, 2001).

Performance management (continuous development) is crucial to this generation. Due to their preference for short-term relationships, today's employees want the criteria for their performance spelled out. They are trying to build a skill set for their career and CV and, therefore, are eager to know how they are doing.

Employers can accommodate these employees by providing explicit short-term contracts where everything from tasks and objectives, to deadline and compensation is defined. The employer needs to tailor the job and its different criteria directly to the specific individual. The performance appraisal is another tool that can help managers handle the challenges of supervising the "short-term" employee. Performance appraisals give the employee a means to get information about how he or she is performing. In turn, and the employer can get an indication of how the relationship with the employee is developing. The short-term fluctuation in economic activity (state of the market) will make the talent market a little looser or tighter from time to time. The long-term trends are clear, labor shortage, a need for a new type of managers and a change in employee loyalty from company loyalty to assignment loyalty.

THE TALENT WAR INTENSIFIES DEMAND FOR HIGH-CALIBER MANAGERIAL SKILLS

The fast pace of economical change puts pressure on the way managers handle globalization, deregulation, technological change, and changing company cultures (Ed Michaels, 2001). In McKinsey's survey on the war for talent, 99 percent of the corporate officers participating said their managerial talent pool needs to be much stronger three years from now. The report also notes that the supply of managerial talent is limited. Although the total size of the workforce in The United States will grow by a total of 12 percent over the ten years from 1998 to 2008, the number of employees between the ages of 25 and 45—the demographic segment that will supply companies with their future leaders—will actually decline by six percent during the same period (Ed Michaels, 2001).

These demographic trends mean that the struggle to attract the best employees will intensify in the years ahead. Ed Michaels describes talent management as the most important new business trend. In the 1960's there was marketing, in the 80s came quality management and now, in 2000 the predominant trend will be talent management.

EMPLOYEE RELATIONSHIP MARKETING (ERM)

Companies should act like marketers in their pursuit of the best employees, just as they use their marketing expertise to compete for customers. Thinking of recruiting as a marketing activity means addressing issues of market (employee) segmentation, product (role/position) design, and promotion (of job availability) in ways that attract potential long-term employees. By competing for employees using the same strategies it uses to compete for customers, the

organization essentially creates a marketing plan directed at identifiable employee market segments.

In *Services Marketing, (2000),* Mary Jo Bitner define Customer Relationship Management, CRM as "a philosophy of doing business, a strategic orientation that focuses on keeping and improving current employees, rather than on acquiring new employees." The primary goal of Employee Relationship Marketing is to attract and maintain a base of committed employees who are profitable for the organization. To achieve this goal, the company will focus on the attraction, retention and enhancement of employee relationship. This report moves Bitner's definition by focusing on the attraction and its strategies:

> *ERM is the way the company works to create the true profile of the company in order to attract and retain the kind of employees who are needed to fulfill the Business Philosophy.*

PUTTING ERM IN CONTEXT

Employees are only one of the major groups a company must analyze and serve if it is to succeed. The figure below shows several key groups that the company must work with in order to thrive and to fulfill its Business Philosophy. This diagram shows how ERM fits into the broader context of a company's operations, but the rest of the report will focus on ERM.

Suppliers

Customers

Supplier Relationship Marketing

Customer Relationship Marketing

Business Philosophy

Objectives

Goals

Shareholders

Employees

Shareholder Relationship Marketing
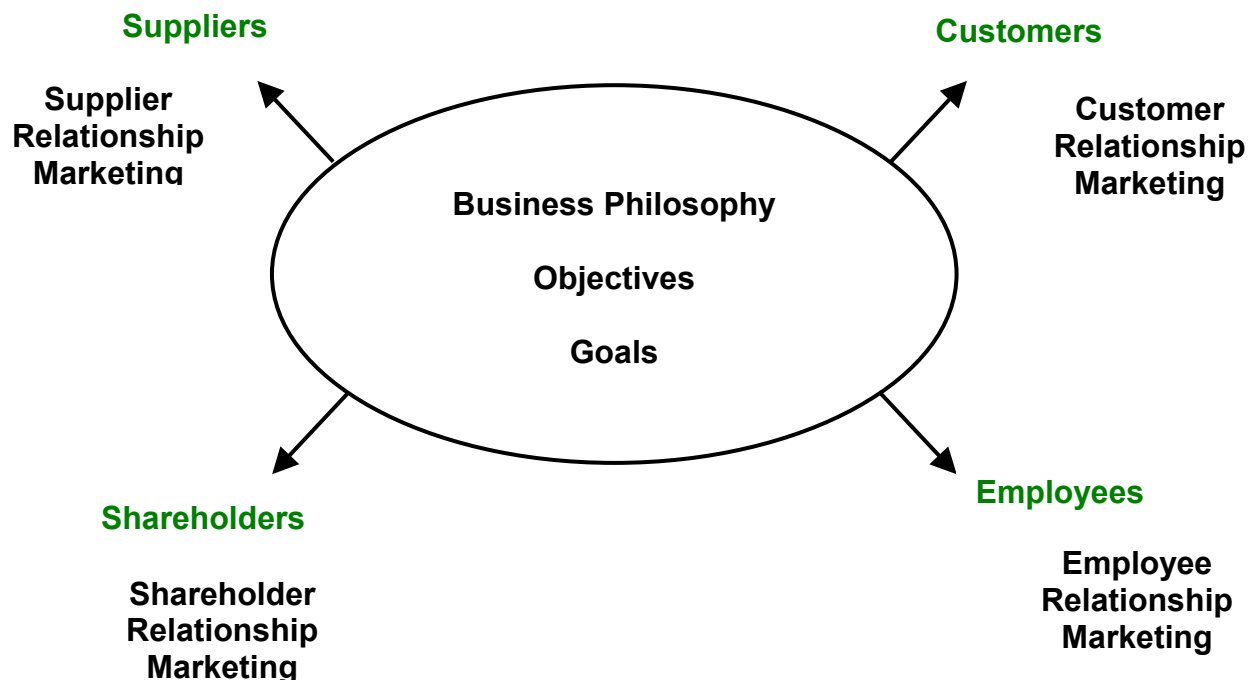
Employee Relationship Marketing

Figure: ERM in context. Inspired in discussion with Mentor Jörgen Hansson.

The rest of this chapter explores how commonly practiced marketing techniques can be adapted to Employee Relationship Marketing. This chapter will mainly examine the importance of the **business philosophy** and the **employee segmentation** in order to determine WHO the company should hire. The two sections **internal and external analysis** and **Employee Value Proposition** defines WHAT the employees want and will receive from the company. A look at formulating the **way to communicate** will help to show HOW the company should reach potential employees who will help the company accomplish their business philosophy.

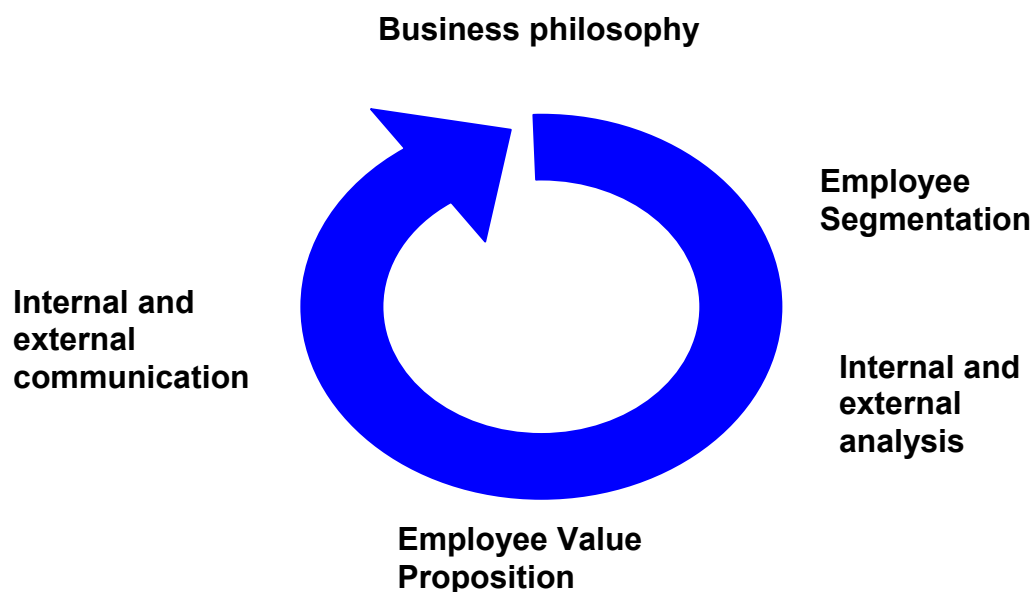The figure below shows the ERM process.

Business philosophy

**Employee
Segmentation**

**Internal and
external
communication**

**Internal and
external
analysis**

**Employee Value
Proposition**

Figure: The EVP process. Own design.

BUSINESS PHILOSOPHY AND HR PHILOSOPHY

This part explores the relationship between a company's Business philosophy and HR philosophy, and looks at strategies for integrating them effectively as a foundation for implementing an effective Employee Relationship Marketing (ERM).

INTEGRATING THE BUSINESS PHILOSOPHY AND HR PHILOSOPHY

This report's pervious sections outlined why companies today are increasingly dependent on their employees. Consequently, it is essential that these companies develop descriptions of ideal employees and formulate strategies for attracting, motivating, retaining and developing them. I will in the next part of the report discuss a professional way to work when you would like to attract

employees. Let us take a closer look at how to carry out this process successfully.

A Company's HR policies should be closely aligned to its business philosophy. In *Skapande personalarbete (2001)*, Jörgen Hansson presents a tool for checking to see if these two are aligned. Hansson examines two crucial relationships within a company: relations between the company and its customers, and relations between the company and its employees. The business philosophy describes the company's relationship with its customers and the HR philosophy describes its relationship with its employees. As Hansson points out, these two philosophies have to match; there has to be a sense of balance between the company's needs and the employees' needs if the company is to reach its goals. A Company must attract, retain, develop and motivate the employees, otherwise their business objectives will remain unfulfilled.

The figure below describes the relationship between the Business Philosophy and the HR Philosophy. In some companies the arrows below point the other way from right to left, indicating that the employees create the business development process. This pattern is common in consulting and other knowledge-intensive companies and tends to be more and more common.
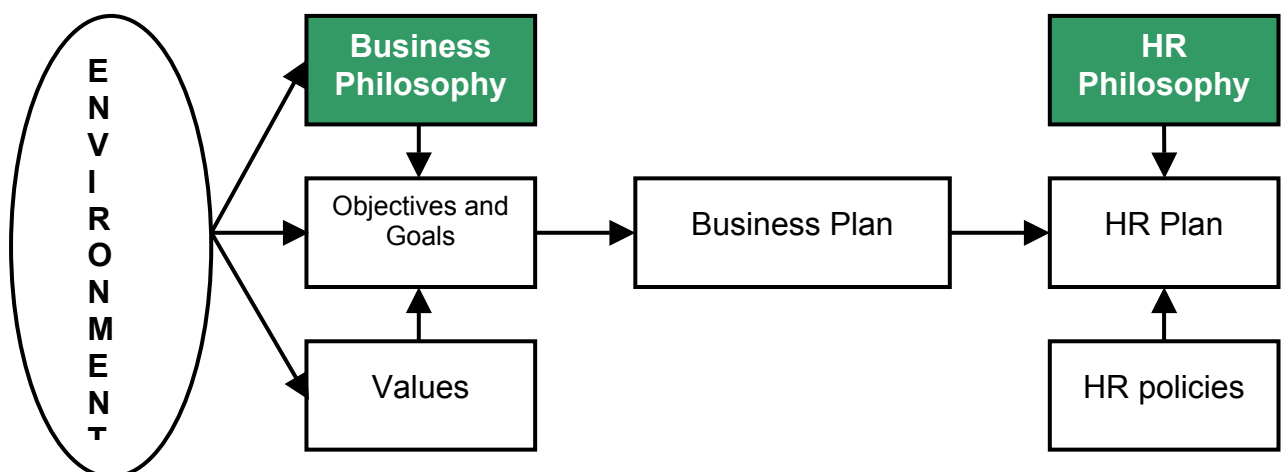
Figure: Relationship between Business philosophy and HR philosophy. Jörgen Hansson, Skapande personalarbete (2001).

The Business Philosophy answers the following questions: Who are the customers? What do the customers want? How will the company get results?   As employee competence becomes more and more crucial to the company's success, the answer to the question "How the company will get results" will largely depend on the HR philosophy and strategies. The HR Philosophy should contain the segment of employees that the company needs. It should also clarify what the company wants from the employee, what the employee can expect in return, and the model for those relationships (Employee Value Proposition later in the report).
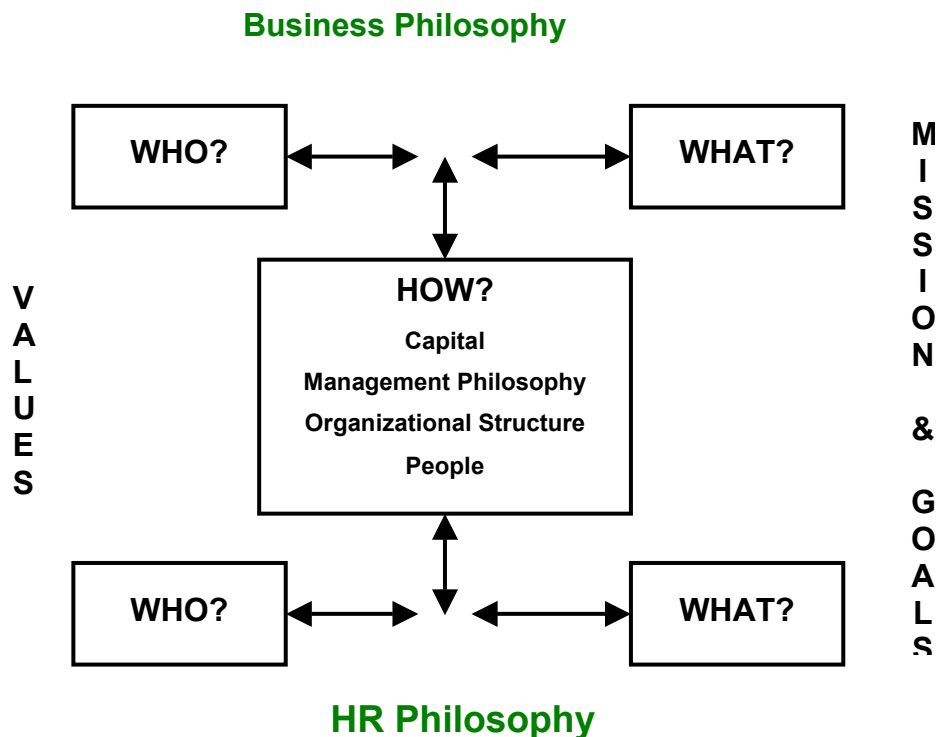
Business Philosophy

WHO?	←→ ↕ ←→	WHAT?	M I S S I O N

HOW?
Capital
Management Philosophy
Organizational Structure
People

V A L U E S

& G O A L S

WHO?	←→ ↓ ←→	WHAT?

HR Philosophy

Figure: Relationship between Business philosophy and HR philosophy. Jörgen Hansson, Skapande personalarbete (2001).

It is common for a company to have more than one Business
Philosophy if it has more than one business area. Usually there is
one overall philosophy for the entire company, and underneath this
there can be several specific business philosophies for specific
business areas. The HR Philosophy follows the same pattern and
should be divided into similar business areas in order to be as
precise as possible.

EMPLOYEE SEGMENTATION

Today most companies are moving away from mass marketing when
they recruit new employees. Instead they use different marketing
approaches for different target groups. To do this, they identify
employee segments, select one or more of them, and develop
campaigns and marketing mixes tailored to each segment. In the
same way, the company can develop the right positions for each
target market and adjust their compensation and benefits, the design
of the roles and advertising to reach the target market efficiently. The
process of marketing segmentation and targeting has four steps
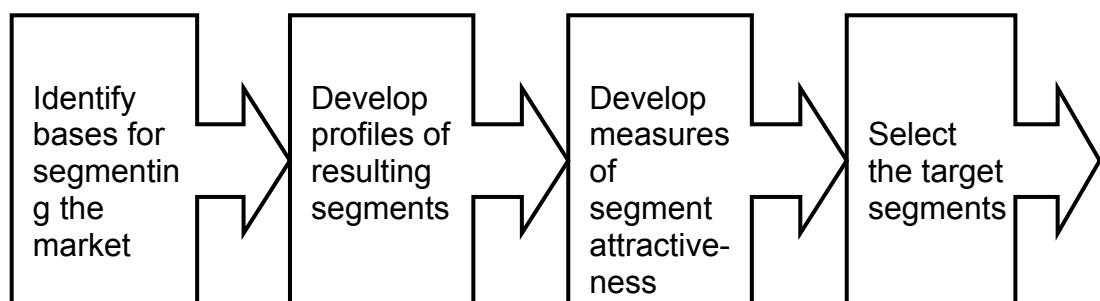(Armstrong, Kotler, 2000).

Identify bases for segmenting the market → Develop profiles of resulting segments → Develop measures of segment attractiveness → Select the target segments →

Figure: Segmentation process. Armstrong and Kotler (Marketing an introduction, 2000).

Employee segmentation should be an essential part of any business. It involves dividing employees into groups in order to better understand and manage them. The segmentation process can also help organizations determine how to understand and attract potential employees. A Company that practices segment marketing will recognize that employees differ in their needs, perceptions; they may also have different perceptions about their relationship with their employer. The following section presents the ways of dividing a labor market into distinct groups of employees on the basis of needs, characteristics, or behavior that might require separate marketing mixes.

IDENTIFY THE BASES FOR EMPLOYEE SEGMENTATION

There is no single way to segment a market. Market segments are formed by grouping employees who share common characteristics that are relevant to the job opening, its location, and how it will be advertised. Businesses must consider different segmentation variables, both alone and in combination with other variables. Only through this process will they find the best way to view the labor market structure. The most common segmentation methods are (*Marketing an introduction*, Armstrong and Kotler, 2000):

- *Demographic segmentation* divides the market into groups based on variables such as, age, sex, education, family life cycle, occupation, religion, race and nationality. Using these types of variables is the most common method of dividing a market. One reason for this is that employee's needs and wants often vary in connection with demographic variables. In addition, these types of variables are often relatively easy to measure.

- *Geographic segmentation* divides the market into different geographic units such as, nations, regions, and cities. It is important for companies who decide to operate in different geographical areas to pay attention to geographical differences in needs and wants. For example, salaries are usually higher in cities than in rural areas due to the higher cost of living in metropolitan areas.

- *Psychographic segmentation* divides employees into groups based on social class, life-style, or personality. A Company can, for example, group employees according to the lifestyle and personality profiles that will fit in with the company culture. McDonalds for example have a clear goal in hiring young and uneducated people to assist in their stores.

- *Behavioral segmentation* divides employees into groups based on their knowledge, attitudes, or response to work. For instance, employees might be grouped according to when and how they apply for a position and what kind of compensation and benefits they want in return for working in the company. Employees might also be grouped according to their various levels of work experience or to the type of position they apply for.

DEVELOP PROFILES OF RESULTING SEGMENTS

Once the segments have been identified, it is critical to develop characteristic profiles of them. Of great importance in this stage is to clearly understanding how and whether the segments differ from each other in terms of their profiles. There is no point in differentiating the segments if there is no difference in the profiles.

DEVELOP METHODS FOR MEASURING SEGMENT ATTRACTIVENESS

Once employees have been divided into groups, these segments must be evaluated in terms of their attractiveness. The company must be able to measure the size and the profiles of these segments, in addition to ensuring that they can reach and serve them. The segments should also be large or profitable enough to make reaching and serving them a worthwhile investment. Finally, there must be the possibility of designing a program for attracting and serving these segments that suits the company's resources.

SELECT THE TARGET SEGMENTS

Before the company decides which segments to focus on, it should evaluate how strong and aggressive the competition will be. Mangers should also consider whether the segments chosen would match the company's long-term objectives, and if the company possesses the skills and resources it needs to successfully recruit people in these segments. Companies should only enter segments in which they can offer superior value or different value thus developing a competitive advantage over competitors.

INTERNAL AND EXTERNAL ANALYSIS

The main purpose doing an internal analysis is to find the identity of the company, what does the employees really think about the company? The purpose with the external analysis is to understand what potential employees want in a company.

When you reach the step of internal and external analysis in the ERM process you should be able to answer the following questions:

Due to the business philosophy step in the ERM process,

What sorts of skills are required for the various key areas, both now and in the future?
What type of workforce, linked to what kind of business concept, strategies and goals, do we need?

And due to the employee segmentation step in the ERM process,

Which are the target groups in the labor market on the basis of defined key areas?

Next step is to conduct the internal and external analysis:

1. Conduct qualitative survey of employees and defined target groups externally.

Activity:
Investigate employees' perception of the company as an employer and their perception of what constitutes a good employer (Qualitative survey with a selection of representatives of the respective key areas, (see above).

Conduct the same survey externally by interviewing a number of people from the respective target groups.

2. Analyze similarities and differences between the way the company is perceived as an employer and what characterizes an attractive employer.

Activity:

Use GAP analysis to define similarities and differences between the way the company is perceived as an employer (by employees and identified target groups) and what they regard as an attractive employer.

Identify the perceptions that correspond to the desirable state of affairs and the current situation, i.e. identify the desired working conditions we are already able to offer our defined target groups. Identify and prioritize activities that will form the basis for further efforts to develop the company as an employer.

EMPLOYEE VALUE PROPOSITION (EVP)

Once a company has completed the segmentation and targeting of the labor market and the internal and external analysis the next step in the ERM process is to create different offers providing the core elements that these employees want. These offers make up the Employee Value Propositions (EVP). The term Employee Value Proposition originates from the marketing term Value Proposition that is defined by Katherine Lee, HR.com as "A clear and succinct statement that is intended to indicate the specific value of a service or product in order to differentiate its value from their competitors". In *The War for Talent* Ed Michaels, Helen Handfield-Jones and Beth Axelrod define a Value Proposition as "the holistic sum of everything people experience and receive while they are a part of a company." The conclusion is that EVP should both answer the question, "Why should employees be attracted to the company?" and differentiate the company from its labor market competitors.

The EVP not only includes the central elements of a position, it also includes the added services that make the position attractive and, ideally, different from the competitors' offer. The EVP should be treated as if it were a product or an object that could be produced, sold, marketed and consumed. Further, the EVP should reflect an employee perspective, what does the employee want? The EVP should not represent only the company's internal perspective; it should also be influenced by labor market surveys about target group's needs and wants.

EXCITING WORK THEY CAN FEEL PASSIONATE ABOUT

The company should provide interesting positions with as much autonomy and responsibility as possible. Try to design the roles to have a profit and loss responsibility, if it's not realistic or possible for the specific job try to break down the business strategy to all levels to make employees see their way to influence the company profit. Then, put these roles together in cross-functional teams to create a broader understanding of the different parts of the business (Ed Michaels 2001).

EVP consists of a number of different elements, and its foundation is the Primary Job Package which has the following three parts:

- **The Core Role**: This includes the position's primary responsibilities. These are often explained clearly in a job description that functions as a communication tool for the person currently occupying the role, for people applying for the job and for other employees who will have professional contact with the person currently in the position.

- **Facilitating Functions**: These consist of services that support the core role. For example, postal service, photocopying or other office services. This category also includes support products such as computers, fax machines and telephones.

- **Support Functions**: These constitute the third part of Primary Job Package, but a support function can also be a type of extra service. That is, support functions do not merely make it easier to perform the job, they actually increase the perceived-value of the position so that it stands out and other employees see the job as being particularly desirable. A lunch restaurant and an on-site health club are two examples of support functions.

Facilitating functions differ from support functions in that they are essential to the Primary Job Package; the entire model collapses if the facilitating functions are removed. The facilitating functions can even be used to gain a competitive advantage.

The Primary Job Package describes what co-workers' roles may contain, but it does not say anything about how these colleagues feel about their roles.

Viewing a position in the context of the recruiting process

To better understand EVP, it is important the see a position as part of a dynamic attracting process rather than as a fixed, unchanging and isolated entity. Accordingly, the position must be integrated into the attracting process, that is, it should be viewed as a buying and selling interaction occurring between the company and the potential employee.
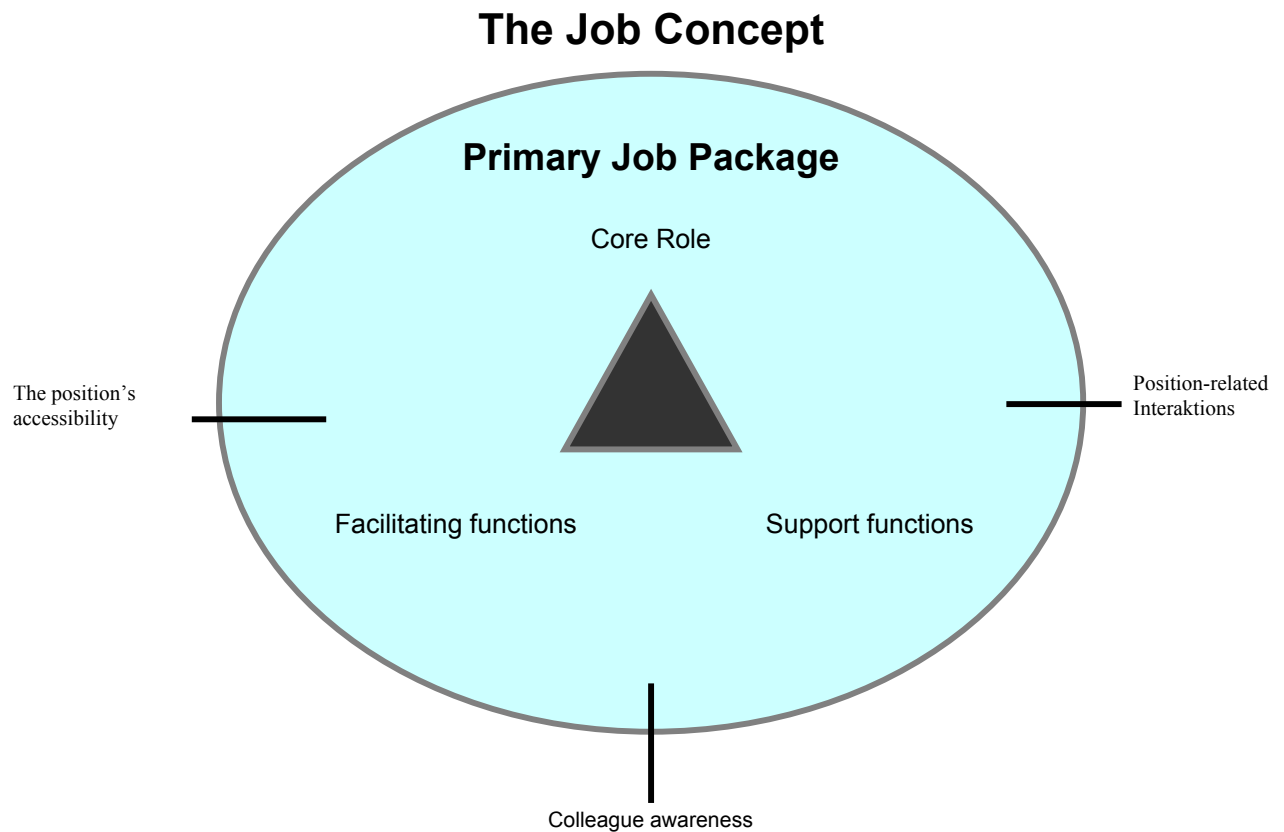
The Job Concept

Primary Job Package

Core Role

The position's accessibility

Position-related Interaktions

Facilitating functions

Support functions

Colleague awareness

Figure: The Job Concept. Grönroos, C, Developing the Service offering – A Source of Competitive Advantage, (1978)

The attracting process is defined as the interaction between three entities: the company, the position, and the colleagues who have professional contact with the person occupying the position (Grönroos, 1978 0ch 1987). This process has three fundamental parts:

- ❑ The position's accessibility
- ❑ Interactions with the company
- ❑ Employee awareness

These three elements together with Primary Job Package form the EVP. The EVP should be based on the market segment's profile,

which, should be based on the criteria that this target group desires. Let us take a closer look at these three elements.

The Position's accessibility and company interaction

A. Geographic accessibility: Is it easy for colleagues to reach the work place?

- Can employees take public transportation or will they need a car?
- If transportation by car is needed, will a parking place be provided?
- What are general working conditions like? Is their flextime or other types of flexibility?
- Can employees work from home or tele-commute from a location other than the main office?

B. The quality and convenience of work place facilities

- Is it easy for employees to use the office equipment?
- Do employees find the office environment comfortable and attractive?
- Does the office equipment—fax machines, computers and telephones enable employees to work in a flexible and productive manner? For instance, is the height of the desks or worktables adjustable?

C. Colleagues influence on the position's accessibility

- How many subordinates do the colleagues have?
- How many colleagues do the colleagues have?
- What type of expertise and experience do the colleagues have?
- How much of the colleagues' work time is spent working alone and how much of it is spent working in-groups or teams?

- Are their routines in place that define how one works with these colleagues?

D. Colleagues' ability to cooperate:
- Is there an introduction program?
- Does the introduction program help colleagues get up to speed quickly?
- Does the introduction program help colleagues meet the people they need to know in order to perform their jobs successfully?

E. Interaction within the company
- How do the employees and the organization communicate with each other?
- In what forums, and through what media, does communication between the employees and the organization occur? For example, how are employees informed of changes in the business climate that affects the organization?
- What kind of e-mail culture does the company have?

F. Interacting with different systems
- How do various reporting systems work within the organization?
- What administrative systems exist, and how can employees use them?
- How does the budget process work?
- Are there manuals or methodologies explaining how projects are run?

G. Interacting with other employees

- Does the company culture encourage formal or informal contact among the employees?
- How, in general, do employees approach their roles and responsibilities within the organization? I think this question is too general for this sub-heading.

COLLEAGUE AWARENESS

Colleague awareness is a measure of an employee's ability to perform his or her job. It is expected that employees can manage the equipment and technical support that their jobs involve and that they can receive and process information using the company's administrative systems. Their willingness to do so determines whether or not they will improve their role within the organization, thereby contributing to the company's overall effectiveness. By taking initiative, co-workers can give feedback to their employer, and, in turn, the company can make improvements designed to enhance employees' work experience.

Together these interactions with equipment, technical resources and co-workers affect employees' work experience. If these interactions are experienced as being unnecessarily complicated, troublesome and inconvenient, the quality of an employee's experience with even an especially attractive Primary Job Package and the EVP will be inferior.

In Company and potential employee interactions, the core role, facilitating functions and support functions are experienced in different ways, depending on the following factors: the position's accessibility, whether or not interactions with colleagues are perceived as helpful, and how well colleagues understand the core role and their assignments within the attracting process.

CRAFT A WINNING EMPLOYEE VALUE PROPOSITION

Just as a company has a customer value proposition, (a clear, compelling reason why customers should do business with them), they should also develop an employee value proposition which tells potential employees why they should join and stay with the company. A winning EVP has to be tailored to appeal to the specific type of people the company is trying to attract and not just due to the work concept.

To create a compelling EVP, a company must provide the following core elements that employee in general find desirable:

COMPANY CULTURE

People want to feel part of an organization that has a culture and values that they can stand up for. Managers are specifically looking for a culture that supports strong performance, openness, and trust.

PAY AND REWARDS

The price of talent is increasing, and these rising levels of compensation will not go away. A successful compensation system ensures that individuals are paid commensurate with their contribution and their worth in the labor market. At the same time, many employees think that reward and recognition are more important than the overall amount of money they are paid.

GROWTH AND DEVELOPMENT

When the market is uncertain, today's employees know that economic security lies in with their skills, knowledge and experience

and not in the company itself. This attitude makes people look for companies where development, in various forms, is a crucial part of work.

MEETING PERSONAL AND FAMILY COMMITMENTS

There is a broad social trend towards "having a life" outside of work. If work interferes too much with one's private life, many people conclude that their job should adapt to their personal needs–not the other way around. After all, they feel there is no more employer loyalty, so why should they make undue sacrifices for the company. Work-life balance seems to be an increasingly important objective when managers make their career choices (Ed Michaels, 2001). Lifestyle issues will also start to play a larger role when women and older workers make up a lager portion of the managerial ranks.

The company should also act upon employee development and management styles since these to factors have an influence on the way employees perceive the company as an employer.

EMPHASIZE EMPLOYEE DEVELOPMENT

Development is not only critical to increasing employee capability but also for attracting and retaining employees. Companies should make development happen on an everyday basis, not just through training but through internal job moves, feedback, coaching and mentoring. Managers should act strategically as employee developers.

INTERNAL JOB MOVES

It is important that companies keep their employees' learning curves steep. Accordingly, employers should not let people stay too long in a specific position without new challenges. People tend to seek

challenge, and if their employer does not keep them stimulated, they will go somewhere else. If there are not any vacant positions within the organization, companies should consider giving employees a project or assignment with problem-solving and cross-functional teamwork to help them develop and stay motivated.

FEEDBACK AND COACHING

When used properly feedback and coaching can be a great development tool. Only 35 percent of the individuals in theMcKinsey & Co. report (Ed Michaels, 2001) say they felt that the company gave them feedback on how they perform. Feedback should be performed in a constructive way that addresses the employee's strengths and weaknesses.

MENTORING

Mentoring is not merely coaching but nurturing self-esteem in the person on the receiving end (the mentee). Praising the mentee does this and by the mentor sharing the wisdom he or she has gained from professional experience. It is important that the company assigns mentors who embody company values and are respected for their managerial skill.

MARKET-COVER STRATEGIES

In *Marketing an introduction*, Armstrong and Kotler (2000) describe three different market-cover strategies companies can chose to

adopt; undifferentiated marketing, differentiated marketing and concentrated marketing.

Undifferentiated marketing: Companies using this strategy might decide to ignore market segment differences and approach the whole labor market with one offer. This mass-marketing strategy focuses on common traits rather than on differences. Undifferentiated marketing minimizes expenditures on advertising and market research. Skeptics have strong doubts about this strategy because it is difficult to develop positions that will satisfy all employees.
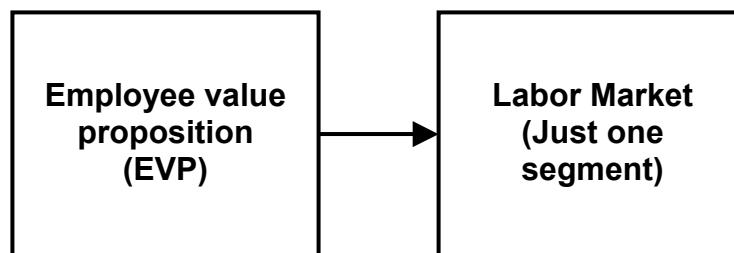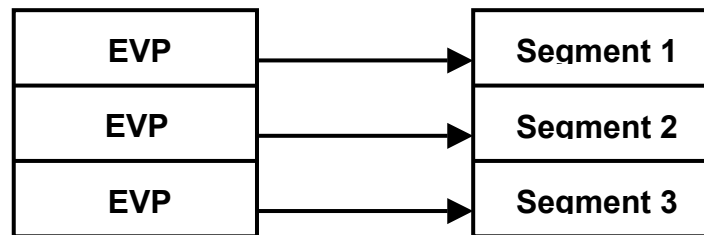

Undifferentiated marketing.

Figure: Gary Armstrong, Philip Kotler, Marketing an introduction, (New Jersey: Prentice-Hall, Inc. 2000)

Differentiated marketing: A company using this strategy targets several market segments and designs separate offers for each one. By offering different solutions and marketing variations, the company strives for a stronger position within each segment. Ideally, this stronger position strengthens employees' overall identification with the organization. Differentiated marketing can also increase employee retention because the company's offer closely matches each segment's desires. Developing different marketing plans for separate segments requires extra marketing research, forecasting,

promotion planning, and marketing channel research. All of these efforts increase promotion costs. The company must, therefore, weigh the benefits of stronger segment interest and employee retention against increased costs when choosing a differential marketing strategy.
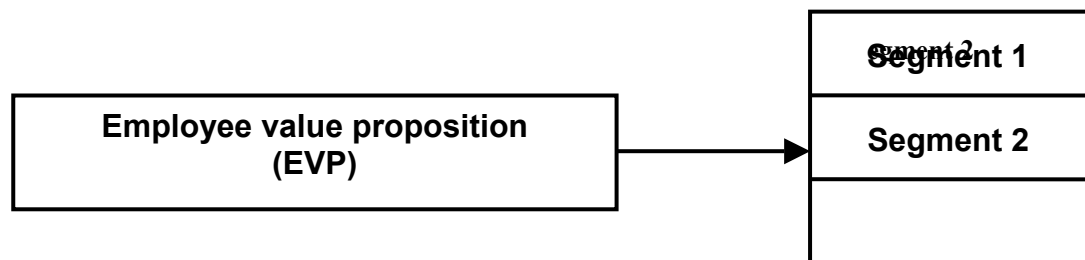
EVP	→	Segment 1
EVP	→	Segment 2
EVP	→	Segment 3

Differentiated Marketing

Figure: Gary Armstrong, Philip Kotler, Marketing an introduction, (New Jersey: Prentice-Hall, Inc. 2000)

Concentrated Marketing: This market-coverage strategy is especially appealing when company resources are limited. Instead of targeting a small share of a large labor market, the company focuses on a larger share of one or a few sub-markets. Many companies use concentrated marketing when targeting university students, thereby investing all of their resources in this segment. Through this strategy, the company achieves a strong labor market position because of its in-depth knowledge of the target groups' needs and the special reputation the company acquires within these segments. The risk associated with concentrated marketing is that larger competitors may decide to enter the same segment, and if they have more resources, these companies will get all of the segment's attention. An example of such a development exists in Sweden today because almost all companies are selecting the same segment–university students–with the same employee value

proposition. The competition between the companies is tough and small companies have a hard time to get the information to the student.

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┌─────────────────────────────┐         ┌─────────────────┐
│                             │         │   Segment 1     │
│  Employee value proposition │────────▶├─────────────────┤
│          (EVP)              │         │   Segment 2     │
│                             │         ├─────────────────┤
└─────────────────────────────┘         │                 │
                                        └─────────────────┘
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Concentrated Marketing

Figure: Gary Armstrong, Philip Kotler, Marketing an introduction, (New Jersey: Prentice-Hall, Inc. 2000)

INTERNAL AND EXTERNAL COMMUNICATION

In the past, companies recruited to fill vacant positions. Today, companies see recruiting as an ongoing process, partly because it is hard to predict when an employee will leave. Many employees see themselves as passive jobseekers; they leave if they get a better offer elsewhere. The Internet is an excellent tool for ongoing recruiting. When used effectively, the Internet helps companies create relationships with talented individuals who may be recruited at a later date. Companies can place perspective employees in a pool of candidates, and review it when appropriate openings arise.

To attract the right individuals to the pool, companies need to develop a market plan. There should be a market plan for each target groups and different methods and media channel should be used to approach those various employees. The market plan should

include the identification and sizing of the various employee segments, and the segments' unique needs should be profiled. Companies should also develop employee value propositions and compensation and benefit strategies for each segment. Channels, tactics and recruiting programs should be prepared. In addition, decisions should be made about the target market share and recruiting goals (Ed Michaels, 2001).

It is not just the position's accessibility, employees' interaction with the company, colleague awareness, culture, pay and reward, balance in life that influences how the person experiences the job, the way you present your company in the attraction face is crucial. If the company gives the potential employee a clear picture of the company and what to expect of the workplace the likelihood of giving the potential employee true expectations and less surprises.

It is important to not forget that the employees in the company are ambassadors of the company. Therefor it is vital to start to communicate internally about the positive aspects of the workplace before or at the same time as externally.

Next step will be the external communication and the essential question to answer is:

How do we reach our target groups?

Activity:
Chart and generate media mix proposals for the various target groups.

I will below give you an idea about different products to chose from when marketing the company as an employer.

- Recruitment-campaigns and advertisement
- Image advertisement
- Exhibition stand
- Radio commercial
- Slide show for presentations
- Company Homepage

This is a few of many possibilities to reach the employee segments of the company.

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