



Employer Branding

Gina Wilson, Human Resources Assistant

Long before one-hour photos or digital cameras, I took a photography class and discovered the magic of watching an image develop under the amber safelights of a darkroom. The process required patience, a willingness to self-evaluate, and a school district that embraced the arts enough to pick up the tab for my experiential learning.

Just as the photographer works to develop the perfect image, the employer works to develop a corporate image through dedication, self-evaluation, and a willingness to support the process. This is what HR refers to as *Employer Branding*. The goal of Employer Branding is to create a loyal customer, and in this case, the customer is the employee. An organization must evaluate its culture, mission, and goals, paying careful attention so recruitment practices align with corporate values.

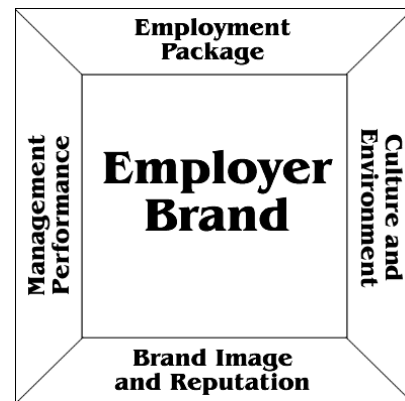
If you're not sure whether you have a strong Employer Brand, ask yourself, "Why should a job seeker join our organization as opposed to another company?"

Did you come up with anything?

You might also ask: if your employees were given the opportunity to staff the company booth at a job fair, what would they share with prospective employees about the business, culture and benefits of working for your organization? If the thought of conducting such an experiment strikes fear in your heart, then you

may need to work on your Employer Brand. Conversely, if you are confident your employees would speak highly of the organization, you are probably off to a good start in the dynamic process of Employer Brand development.

Simon Barrow describes four elements that work together to define an Employer Brand. Think of the image that your organization projects as being framed by these elements.



1. **The Employment Package** includes those things that often "close the deal" for the prospective employee, such as financial compensation, work/life balance, the employee's role in organization and professional development.
2. **Culture and Environment** includes items such as the physical working environment, the size of the organization, and the organization's approach to work.
3. **Brand Image and Reputation** equals integrity. Employer Branding without integrity is evident when job seekers are hired only to discover a ruse; the organization

stated things that were not true. The consequence of a lack of integrity is the employee does not stay with the organization long, contributing to the organization's turnover costs. To attract people to something you cannot deliver is a waste of your time and money.

4. **Management Performance** is a vital part in the Employer Branding process. Senior management must be committed and involved in recruitment or the Employer Branding process will be a failure.

So what are the benefits of putting all this effort into creating a favorable Employer Brand? The ultimate goal of the Employer Branding process is to help the organization align their business strategy to:

1. **Attract** and recruit “the right” candidates
2. **Attend** to shortages within the organization
3. **Advance** retention rates and reduce turnover
4. **Amplify** employee engagement, commitment, and performance

While attaining a favorable Employer Brand does involve a bit of effort and an unbiased appraisal of the organization, the benefits are worth the time invested. When you develop an enticing Employer Brand, you gain the luxury of hiring the best and allowing these newfound employees a degree of autonomy. These *low maintenance employees* are self-motivated and will perpetuate your sought-after Employer Brand giving you a name that resonates as an employer of choice.

Measuring Success!

How to Measure the Cost of Turnover

In order to measure annual turnover, one must first calculate monthly turnover. Monthly turnover is calculated as the number of employee separations during one month divided by the average number of active employees during that same period.

$$\text{Monthly Turnover Rate} = \frac{\text{Number of separations during the month}}{\text{Average number of employees during the month}} \times 100$$

Add up the monthly turnover for a given 12-month period.

For example, if an organization loses four out of 200 employees in a one-month period, it is calculated as a monthly turnover rate of 2%. To calculate the *annual turnover rate*, however, each monthly turnover rate for the past 12 months must be *added*. So, using our figures listed above, if four out of 200 employees leave the organization every month and are replaced every month for a year, this organization will record an annual turnover rate of 24%.

According to the *SHRM Human Capital Benchmarking Study*, an *average cost per hire* is \$7,123. Using this ballpark figure of \$7,123 would indicate our hypothetical organization would have to pay more than \$341,000 to hire replacements for its 48 employees lost during the year.

Furthermore, Paul Valdivia of the Society for Human Resource Management notes, “Higher turnover rates for short-term employees usually indicate that recruitment and hiring practices are selecting the wrong employees or communicating unrealistic expectations to candidates. In order to measure the reasons employees are leaving an organization, HR professionals should establish a practice of conducting exit interviews for employees to learn why they are leaving the organization.”

Valdivia further notes that “when employees leave, they take with them their knowledge, skills and abilities that helped contribute to goals, profit and performance of the organization. Turnover causes lost productivity and can contribute to low employee morale. It also means that HR and line managers must take additional time to outprocess employees, reorganize existing work, source their replacement, interview candidates, prepare offers and orient new employees to the new position and organizational culture.”

Did You Know?

- A recent Harris poll found 77% of respondents, aged 21 to 35, define success as “finding a company where you want to work for a long time.”
- 85% of job changes are attributed to organizational incompatibility
- In 2004, the average turnover rate for all industries was 18% with the highest rates in retail (34%), for-profit service, (24%), and non-profit service (22%)
- The top three reasons employees voluntarily leave an organization are for better career opportunities, better compensation and to thwart boredom

Sources and Recommended Reading:

- CareerJournal
(<http://www.careerjournal.com>)
- Society for Human Resource Management
(<http://www.shrm.org>)
- MRS Network Employee Research Group
(<http://www.mrs.org.uk>)
- *The Employer Brand: Bringing the Best of Brand Management to People at Work*
by Simon Barrow & Richard Mosley
John Wiley & Sons Ltd. (England, 2005)

Measured Success! Newsletter

If you have received this e-zine and want to be removed from our mailing list, please reply to this e-mail with REMOVE in the subject or send an e-mail to info@hrconsults.com. If you have received this e-zine and want to be included in our mailing list, please send an e-mail request to info@hrconsults.com. HR Consultants, Inc. will never trade or sell our mailing list.

HR Consultants, Inc.
160 JARI Drive, Suite 180
Johnstown, PA 15904
814-266-3818 / 814-266-0189 (fax)
info@hrconsults.com
www.hrconsults.com

- An **ISO 9001:2000** Certified Management and Human Resource Consulting Firm
- Certified as a **Woman Business Enterprise** through the PA Department of General Services
- Approved vendor for the Commonwealth of PA, Office of Administration Personnel Training and Consulting ITQ Contract (ME 181417)

