

Flexible ways to hard facts

Employment market research in personnel marketing

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Personnel marketing

The Chartered Institute of Marketing defines marketing as the 'management process responsible for identifying, anticipating and satisfying customer requirements profitably'.¹

In this sense, then, companies orientate their action towards potential customers or 'the market'. *Marketing* quickly leads one to think of product marketing, in which, for example, a product, after careful analysis of its market, can be precisely tailored to it. In the same way, a company – provided it knows enough about the market's potential – can actively shape the market by creating demand for a product.

With all due respect for the on occasion legendary 'market instinct' of individual players, these processes do require firm facts in order to enable orientation and decision-making. Over the last few decades an army of market research institutes has been providing these facts. In this article we aim to introduce to the reader a specific form of marketing and to the market and opinion research which forms one of its central foundations. *Personnel marketing* is a term referring to measures aimed towards winning new employees for a company (external personnel marketing) and towards creating firm ties with and motivating the company's existing employees (internal personnel marketing). Drawing an analogy to product marketing would make the company (as employer) the product and the potential or existing employee the customer. The goal of helping the company to radiate a particular image on the employment market is pursued by means of creating and optimising potential for attractiveness and by communicative work towards a particular *employer image*. This image is intended to guarantee the company a continuous stream of highly qualified and highly motivated new employees or, as the case may be, to secure existing employees' motivation and their identification with the company. The task of personnel marketing, then, is to establish the employer as a brand. If the employer image is highly positive or if it matches the target group's expectations very well, the company is optimally placed on the employment market. The segment of personnel marketing we have described as 'external' will be familiar in some form to virtually all large and successful companies, particularly in the form of graduate recruitment. Personnel marketing as a comprehensive concept, positing an employer image as parallel to and interacting with a company or product image and continuing explicitly as 'marketing' after the successfully wooed employee has signed the contract, is in some areas a relatively new idea, while in the USA and

Germany, for example, it has become established in almost all market-leading companies.

The potential for direct analogies between personnel and product marketing has its limits. A conspicuous characteristic of the exchange process in personnel marketing consists in the fact that it is not an exchange of standardised products, but of highly heterogeneous 'goods'. The personnel market is particularly shaped by the fact that work cannot be regarded in isolation, but must always be viewed in the context of the individual as its bearer and producer. Correspondingly, market research analysis in this area must take into consideration individuals' requirements, needs, value systems and motivations, etc., as well as the forces at work within the market.

Why personnel marketing?

Another difference between personnel and product marketing can be found in the issue of supply and demand relations. Periods of economic downturn frequently find personnel marketers confronted with questions as to what justification personnel marketing can have in times of a surplus of labour. Why advertise a product that is in short supply on the market and thus already faced with too much demand? On the contrary, consistent personnel marketing throughout downturn periods makes particular sense for companies:

- Flexible and highly motivated employees are – particularly in view of the influence of globalisation – the most important resource of modern, adaptable companies. Furthermore, companies recruiting today are defining themselves to an ever greater extent as service providers; they thus depend almost exclusively on the quality of their employees in order to make their name. The motto 'quality, not quantity' is just as valid, indeed particularly so in times of economic crisis, as the existing supply of labour often lacks the right qualifications to satisfy the demand of companies.

- Demographic development in Western industrial nations means that society is continually ageing, which in turn results in an ever increasing shortage of young, highly qualified employees. No long-term personnel marketing strategy can afford to ignore this development.

Furthermore, personnel marketing which is continuously and consistently carried out through times of economic crisis represents a special chance for companies: Periods of economic downturn provide companies with continuous personnel marketing, favoured by the increased attention of the target group and the inactivity of less consistent competitors, with an environment in which it is easier for them to translate the dominant position of their employer image directly into successful recruiting right from the very beginning of economic recovery.

¹ Source: www.cim.co.uk

Who is active in personnel marketing?

The exclusive group of those involved in this specific form of marketing is limited by the following factors:

- *Personnel marketing demands continuous and consistent effort and so ties up resources long-term.* Creating an effective employer image is a task that requires a long-term strategy. Influencing and changing an employer image demands a systematic and continuous long-term effort which bears very little relation to spontaneous reactions to temporary personnel shortages in the company.
- It is clear that only *companies who aim to attract and retain a large number of qualified employees* will grant themselves the luxury of a separate department for personnel marketing and a budget to go with it.
- *External personnel marketing becomes more economical the more popular a company is.* In order to appeal to broad sections of attractive potential employees (e.g. graduates) with an employer image, the company – although this may seem a trivial point – must be known to them. An attempt to turn a completely unknown company into a widely-recognised one just by means of personnel marketing is undoubtedly a very expensive challenge for those who have to carry it out. Especially those companies who are already well-known through their products (e.g. consumer goods) have an easier time.

The – as a rule global – players who are not excluded by these criteria can, indeed must afford to get into personnel marketing or to take a leading role herein, in order to support their long-term company strategy with a corresponding one for personnel marketing. The vision of a 'War for Talent' intensifying largely due to the demographic development described above continues to possess great significance as regards long-term development on the labour markets of Western industrial nations.²

² See the much-cited McKinsey study 'War for Talent' (Chambers et al. 1998; Axelrod et al. 2001)

Practical personnel marketing, empirical research and empirically supported consulting

Those in charge of personnel marketing frequently have an unsatisfied need for facts and figures to guide and coordinate their personnel marketing activities and for advice. Managing personnel marketing nationwide in a large and sophisticated company is often far from being a simple and clearly structured task. Executives in this field are frequently surrounded by personnel marketing tools and individual strategies which are well established in the company environment. These could be stalls at yearly careers fairs, placing image advertisements in magazines, etc. Tying on to these existing measures or going over and above them, however, there frequently exists a necessity to support personnel marketing strategies – which are often largely instinct-led - with facts, empirically obtained knowledge and recommendations for action arising from these. These individual needs could be embodied in questions such as:

- By means of which media can we appeal to industrial engineers most efficiently, that is, both economically and effectively?
- What can we offer prospective software developers that no other company can offer them, in order to persuade them to apply to the company?
- What are the weak points of my company's employer image from the perspective of business students studying the specialised subjects we are most interested in?
- Is our planned investment in an advertisement, image brochure or campaign worthwhile, that is, will the advertisement, brochure or campaign reach our target group in the way we want it to?
- Why are our competitors obviously better at appealing to the target group we have in common with them?
- What has been the effect of our recent restructuring/fusion on our image among our employees and on their motivation?

Once such questions become particularly pressing, a demand for advice or empirical market and opinion research can arise. Such research and empirically supported consulting by specialists can efficiently provide practitioners with information which is relevant to their decision-making and highly attuned to the client's individual needs.

As a 'personnel marketing department' does not produce direct profits, its budget is as a rule more or less strictly controlled and limited by the company's financial authorities. Individually attuned support to the client in

gaining acceptance for a project within the company can frequently form a part of advisory services relating to personnel marketing.

Empirical market and opinion research concepts in personnel marketing

Many familiar instruments of empirical research, from qualitatively oriented focus groups to panel investigations and international quantitative studies, are extremely suitable for employment market research to meet companies' personnel marketing needs. Empirical research can be employed to check the acceptance of personnel marketing measures before their implementation, fine-tune them to the target group and evaluate their effect. Practitioners in the field are glad not to have to leave anything to chance, but to be able to call upon solid facts to back up their action and decisions.

In order to present by means of examples the wide range of ways in which application-oriented research can generate information relevant to decision-making, we shall describe here several popular projects. All investigation concepts presented in the following section have been in demand among large companies as support for their personnel marketing for several years; thus they have already proved themselves to be worth their budget and so can be regarded as established.

Large-scale quantitative studies

For several years now, various providers of quantitative studies devoted to research on the career preferences, attitudes, goals and ideas of different target groups of personnel marketing have been active on the market. All groups of potential employees who are particularly interesting to companies, from those concluding their school career to students and young professionals, have been surveyed in quantitative studies. The sample should ensure representation of the general target group of the company's recruitment activities (e.g. engineering students approaching completion of their course) in a quantity large enough to enable investigation of precisely defined sub-groups which are themselves substantial enough in size to produce significant results. The formation of sub-groups permits detailed assertions about differences between groups with different aims, preferences or qualifications. This is the only way in which target groups can be reliably defined, investigated and, in the end, appealed to. In 2002, the yearly barometer studies by *trendence* analysed and presented extensive data from over 30,000 individuals in Germany belonging to various target groups of personnel marketing; a Europe-wide barometer study (The European Student Barometer 2003), the first of its kind on such a large scale, is currently underway.

On the basis of these large-scale quantitative studies, personnel marketing is provided with highly usable knowledge about fundamental data of the target group. In this way, companies can learn more about potential employees studying or graduating in the academic subjects interesting to them and members of their particularly relevant target group. Further, in order to decide how to appeal optimally to graduates and convince them to apply to the company, general information such as that regarding the attitudes, aims and ideas of prospective professionals is essential. Collection of data on such issues is conducted by means of something like a highly standardised and condensed job interview, which is repeated thousands of times during the study.

Further, quantitative studies can enable assertions about the recognition of a company or its attractiveness as an employer among a particular group. These assertions form the basis of rankings which are regularly received with much interest by media and specialists alike. Companies at the top as well as those further down a ranking can benefit greatly from analysis of these rankings' background in the form of consulting based on and supported by detailed empirical research.

For personnel marketing professionals, data relating to respondents' media habits represent a benefit of quantitative studies which is directly convertible into financial terms. Sophisticated information on the target group's media use is necessary for the economical and effective conduction of publicity campaigns. With the aid of such information, measures such as advertisements or stalls at careers fairs can be implemented with maximum orientation towards the target group, efficiently and without the risk of wasting large amounts of money.

Image analysis

The analysis of a company's employer image represents an extremely attractive element of employment market research in the context of personnel marketing. Before a company's potential for attractiveness to its target group can be optimised or its communication specifically targeted towards the relevant group(s), solid and sound feedback on the current state of the employer image's relevant dimensions is required. It is this snapshot of the image's present state and comparison with the target group's preferences which enable a company to optimise its potential for appeal to the target group and to influence its image purposefully and efficiently.³ The findings of an image analysis, therefore, should always provide recommendations for communication with the target group.

³ 'Image' can be defined as '[t]he sum of beliefs, ideas and impressions that a person has of an object or agency'. (Source: www.ifla.org, Glossary of Marketing Definitions, based on Peter Bennett's Dictionary of Marketing Terms and adapted by Christine M. Koontz) Like attitudes, images arise from first- or second-hand experience.

The instruments which can be used to measure and appraise a fairly widely-recognised company's employer image can be roughly divided into quantitative and qualitative techniques, which should ideally be used in combination.

Quantitative methods permit the collection of data on elementary components of the employer image in standardised form and on a broad basis. An image – an employer image is no exception - represents a fusion of experience, previous knowledge and emotions. It includes rationally deducible factors such as job security, leadership style or the attractiveness of the tasks awaiting an employee within a company, as well as emotional or intuitive factors, which can be investigated by means of asking respondents whether they would associate adjectives such as 'fast', 'old-fashioned', 'strong' or 'anonymous' – or their opposites - with a company. A well-designed study will be able to reach high standards of precision and representativity of results. Over and above this, a large enough sample and the inclusion of questions to the respondents on an adequate number of suitable characteristics permit the investigation of specific sub-groups; this can supply important insights into possible variations of individual components of the company image in different groups of respondents. In this way, student surveys have shown image profiles – e.g. of management consultancies – to vary (on occasion extremely so) between the actual specific target group and a group of students who have only their subject of study in common with this target group.

An image analysis begins with the definition of a set of image components as particularly relevant to the context. These are then assessed with various indicators, which are formulated in the actual questions or items and are usually measured using scales. These indicators should ideally provide as little room as possible for variations in interpretation from respondent to respondent. On the basis of the average scores reached on each scale in relation to the individual indicators, each company included in the analysis can be assessed with regard to the performance of its employer image and compared with the others. The collection of other data from the participants parallel to the image test and a large enough overall sample make possible the analysis of sub-groups, within which it may occur that the image profile varies considerably from that for the entire sample.

However, a company should get more than a simple 'look in the mirror' out of the analysis of its image. An image analysis' practical usability can be increased by means of, for example, relating companies' image profiles to the fundamental preferences of a particular group of participants with regard to individual image indicators. In this way, for example, discrepancies between the degree to which an indicator is valued by the target group and the degree to which this wish is 'fulfilled' by the company image can be identified. In the end an image analysis

permits identification of the image factor in relation to which a company can best raise its attractiveness among the target group. In this way the results of empirical research orientated towards personnel marketing provide recommendations for action or communication which can be put directly into practice. For example, for a particular company to better present its attractiveness within its target group, it could be sensible for it to prioritise communication of its professional competence, the attractiveness of the tasks with which it entrusts its employees or the team-oriented, considerate leadership style practised in it.

Qualitative studies

The field of personnel marketing provides a wealth of possibilities for interesting and productive qualitative projects. A company's personnel marketers frequently have very precise questions or issues whose investigation recommends the implementation of a qualitative project by a personnel marketing consultant working with empirical research methods. In most cases the company wishes to obtain the most direct feedback possible from its target group on current or planned measures. For example, an advertising campaign or the marketing agency responsible for it could be tested as to their suitability to fulfil the intended purpose, or the degree of acceptance of a modern company logo could be checked.

Examples for frequently practised forms of qualitative studies are:

- *Copy tests*, which serve to assess, for example, brochures or advertisements and can be conducted in various different ways. The most economical form of their implementation – provided the target group can be contacted easily - is an online survey. Copy tests provide the client with individual feedback on the effect of image products on the target group. Although the commissioned advertising agency – in cases where one is used – will as a rule possess a certain knowledge of the 'scene' (or at least claim to), it is often of great interest to those in charge to subject the impending investment to critical examination before it is made. We note at this point that the results of copy tests carried out with persons who do not belong to the target group can on occasion be most surprising.
- *Focus groups* enable the researcher to question several individuals belonging to the target group simultaneously on a range of topics and to utilise group dynamics. Focus groups are of interest to personnel marketing when a company has, for example, revamped its image or undertaken a fusion and wishes to size up the effects of this on the employer image within the target group. Further, companies who have only just started building up their specific personnel marketing or are new on the market can receive valuable

support through focus group interviews with members of the target group.

- *Individual interviews* make particular sense when a very thorough investigation of very specific issues is desired. They can be conducted intensively and with a high level of adjustment to individual needs and conditions, but are relatively expensive. As an example, individual interviews can be a good way to find out whether students doing certain subjects would find a job on the terms offered by the company attractive or how they rate individual aspects of such a job.

Concluding remarks

This article has attempted to introduce to the reader a particular form of marketing and the market research instruments with which it is interdependent. A company's role as employer is just as integral a part of its whole as its role as provider of products or services, and will continue to gain in significance in view of the demographic and social developments of which we have spoken above. Thus personnel marketing - the positioning of this employer role (before, during and after the recruiting process) as a brand within the employment market, inspiring identification and loyalties as does a product brand -, while inherently different from product marketing, is no less important for leading companies. However, as human resources is all about human beings, personnel marketing and the research necessary to support it must be oriented towards the needs, attitudes and requirements of individuals as well as towards the market. Successful personnel marketing is dependent on sound research and information on target groups' aims, attitudes, preferences and investigation of their interaction with the 'employer brand'. We are confident that research for personnel marketing represents a field whose significance and importance will continue to increase in the future.

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About trendence

The trendence Institute for Personnel Marketing, established 1999, specialises in research projects around issues of helping companies to communicate with existing and potential employees. A fundamental prerequisite for efficient and effective structuring of such communication measures is the possession of specific, relevant information about the target group at which they are aimed. We at trendence have devoted ourselves to supporting companies in gaining this knowledge. For this purpose we have developed a portfolio of instruments and methods for obtaining, processing and presenting information.

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