2020 OUTLOOK: THE FUTURE OF EMPLOYER BRANDING

PART ONE OF A FOUR-PART SERIES

State of Employer Branding

A C-LEVEL AND EXECUTIVE VIEW OF HOW ORGANIZATIONS TACKLE TALENT ATTRACTION, AND THE OBSTACLES THAT STAND IN THEIR WAY.

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How long have executives argued over the need to make talent attraction a corporate strategy rather than an HR strategy?

How many studies have documented that both CEOs and HR leaders feel frustrated and let down by the performance and engagement of the other? The schism within organizations around issues of talent attraction, employer branding and retention have simmered for more than a decade.

And with good reason: Talent attraction remains a critical strategy for global organizations to outmaneuver the competition.

"OVER THE PAST 100 YEARS, THERE HAS BEEN A FUNDAMENTAL SHIFT IN THE WAY COMPANIES COMPETE. HISTORICALLY, MARKET WINNERS WERE THOSE WHO HAD ACCESS TO CAPITAL AND FINANCING. WITH CAPITAL, YOU COULD BUILD THE BIGGEST PLANT, MAKE THE LARGEST IT INVESTMENTS, OR RUN THE MOST IMPACTFUL MARKETING CAMPAIGN. […] TODAY THE BASIS OF COMPETITION HAS SWITCHED…

IN A WORLD WHERE SPEED WINS, TALENT IS THE CRITICAL ASSET. A HIGH PERFORMING WORKFORCE CAN SEE WHAT IS ON THE HORIZON, REACTING AND ADAPTING TO THE ENVIRONMENT BEFORE THE COMPETITION. EVEN IN A WORLD OF HIGH UNEMPLOYMENT, HIGH QUALITY TALENT HAS NEVER BEEN IN SUCH FIERCE DEMAND."

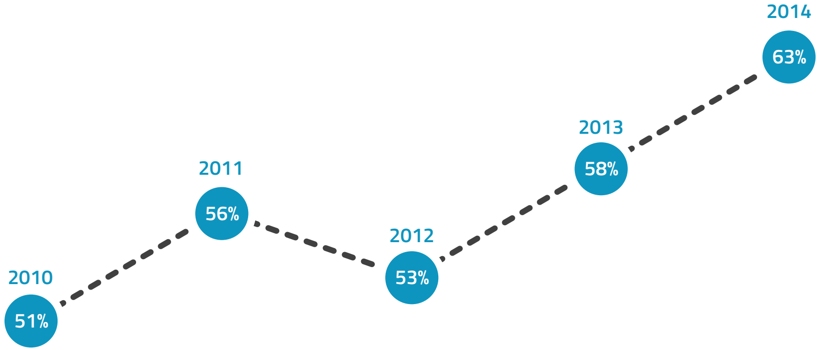
– *"WELCOME TO THE TALENT ECONOMY",* LINKEDIN

Though there is an increasing appreciation for 'talent as an asset', global organizations still struggle mightily to leverage it.

PwC's annual CEO survey has found year after year that CEOs worry about talent gaps and the affect it has on their organizations' competitiveness. In 2014, 63 percent said availability of skills was a serious concern (5 percent more than the previous year). Gaps in certain high-demand fields (most notably in the STEM fields) cause even greater anxiety. A study by McKinsey found nine in 10 executives say they have "pressing need" for digital talent, such as developers, analysts and UX designers.

To remain competitive, companies must attract and retain talent through a complex equation that includes talent management and development, employer branding, as well as clear metrics to measure effectiveness, among other things. After all, if talent is as important

CEOs ARE INCREASINGLY WORRIED ABOUT FINDING TALENT WITH THE RIGHT SKILLS



63%

OF CEOs ARE CONCERNED ABOUT AVAILABILITY OF KEY SKILLS.

Soure: The talent challenge: Adapting to growth

to competitive might as capital, then it stands to reason it must be managed and measured with the same discipline applied to financial management and planning.

Universum surveyed more than 2000 senior executives, including CEOs (365), heads of HR and recruiting (887), employer branding (106) and marketing (192), among others. Our goal was to understand current attitudes for different functional areas and industries, as well as how leaders envisioned change over the next five years. We detail complex topics such as: Who is accountable for employer branding? (It would likely not surprise you that opinions vary widely.) Are Employer Value Propositions working as they should? And how will employer branding budgets change in the coming years?

WE BEGIN WITH THE *STATE OF EMPLOYER BRANDING.*

Who's responsible?

60%

OF CEOs FEEL THEY OWN EMPLOYER BRANDING.

Nowhere is the challenge of employer branding more evident than in how different roles within the organization view ownership of it. When asked: "Who has primary accountability for employer branding activities?" the gap between CEOs' and talent executives' opinions is unsettling.

Sixty percent of CEOs feel they own employer branding (and just 32 percent of CEOs feel the role is owned by HR). Talent executives of course view the issue very differently; most say HR owns employer branding (58 percent of HR executives, 63 percent of talent acquisition executives, and 57 percent of recruiting executives say HR owns it). And marketing is caught in the middle: 39 percent point to HR, while 40 percent point to the CEO.

FIGURE 1 / FIGURE 2 / FIGURE 3

What accounts for the variability?

In recent years, repeated surveys show CEOs don't believe HR is up to the task. PwC asked CEOs whether HR is prepared to capitalize on the transformational trends in talent management and attraction; only 34 percent report HR is prepared, while 9 percent claim HR is not prepared at all. Not exactly a strong vote of confidence. A survey from *The Economist* shows much the same. In a study of companies with more than 5000 employees, nearly half of CEOs (47 percent) say the head of HR isn't a key player in strategic planning.

To be fair, HR executives also feel unprepared. According to a report from The Conference Board, less than 40 percent of human capital professionals express high confidence in their current approach or consider their efforts innovative. The reasons for this are varied, but include:

- HR roles continue to be viewed as support functions rather than strategic ones.
- Administrative burdens mean HR simply has neither the budget nor the directive from the C-level to invest in long-range strategic planning.
- Perhaps most critically, HR leaders often lack the skills to support true talent innovation, such as data-driven analysis or forecasting.

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FIGURE 1

WHO HAS PRIMARY ACCOUNTABILITY FOR EMPLOYER BRANDING ACTIVITIES?

CEOs claim ownership

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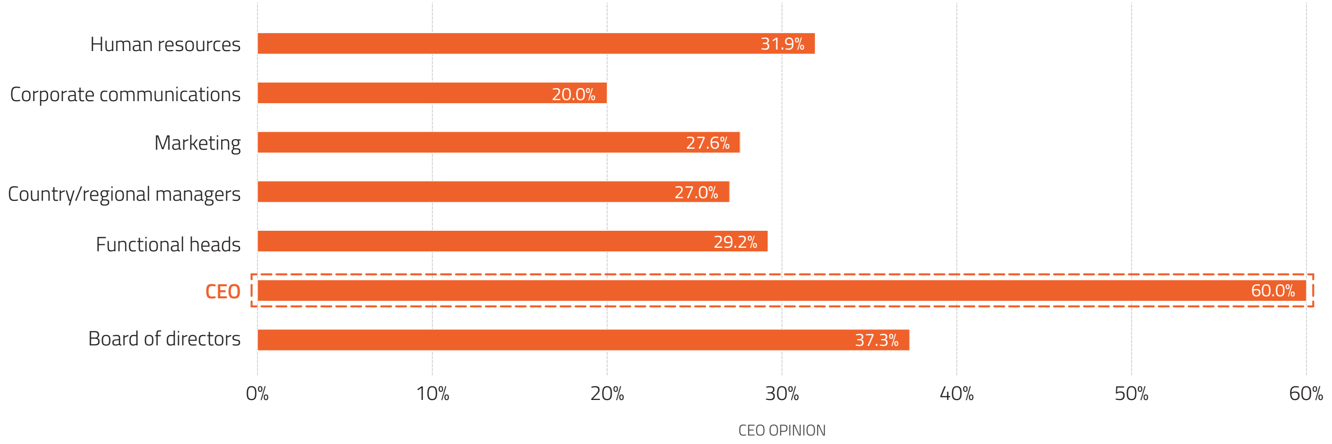

FIGURE 2

WHO HAS PRIMARY ACCOUNTABILITY FOR EMPLOYER BRANDING ACTIVITIES?

Marketing shows an even split between HR and the CEO

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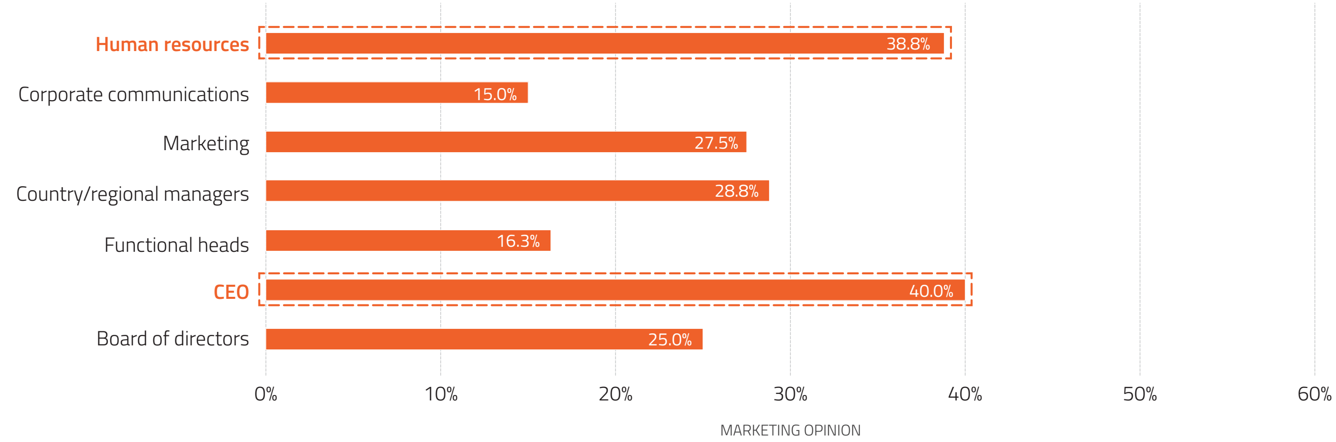

FIGURE 3

WHO HAS PRIMARY ACCOUNTABILITY FOR EMPLOYER BRANDING ACTIVITIES?

Those in HR and talent management believe HR owns employer branding

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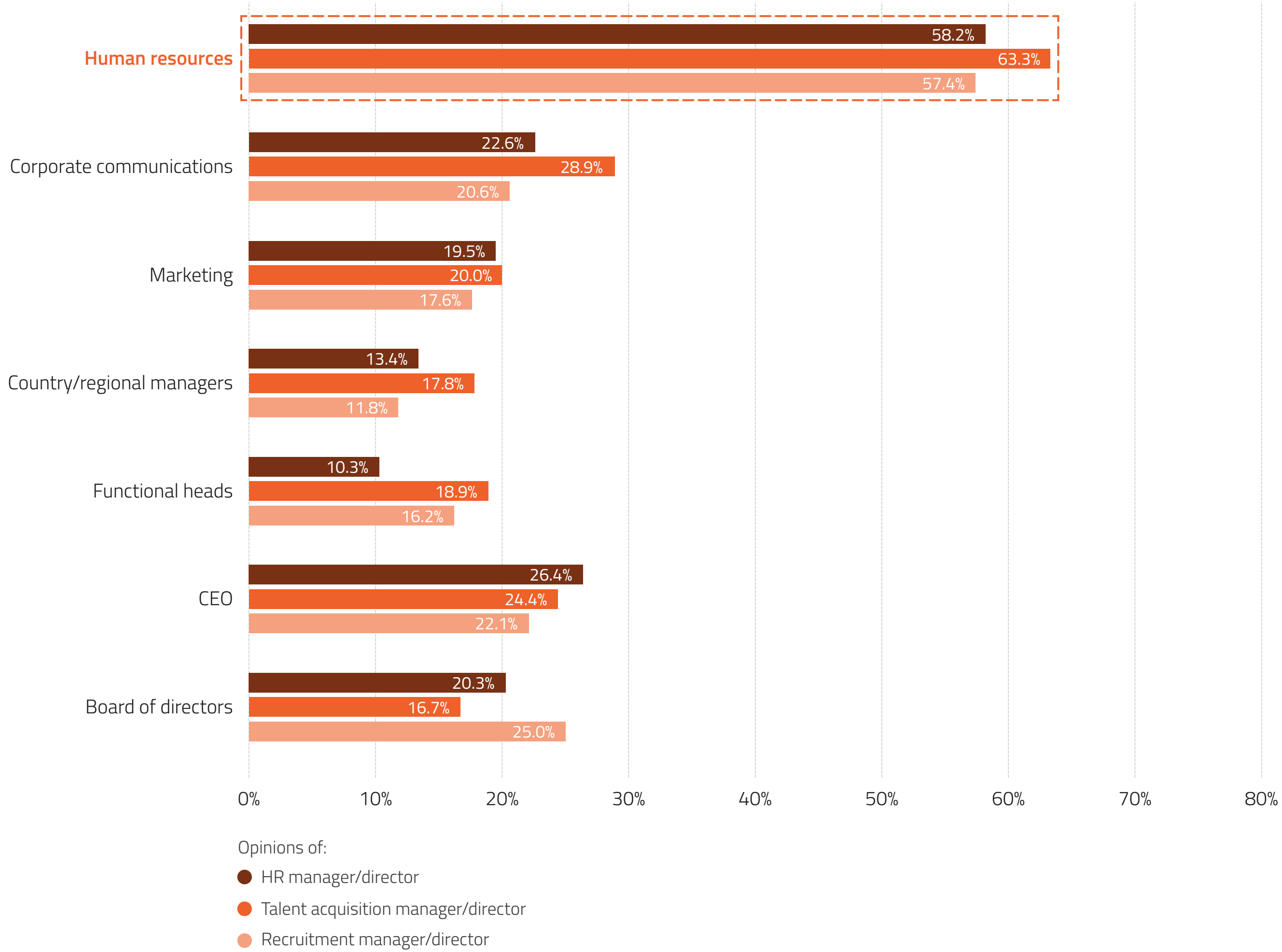

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Stakeholder cooperation

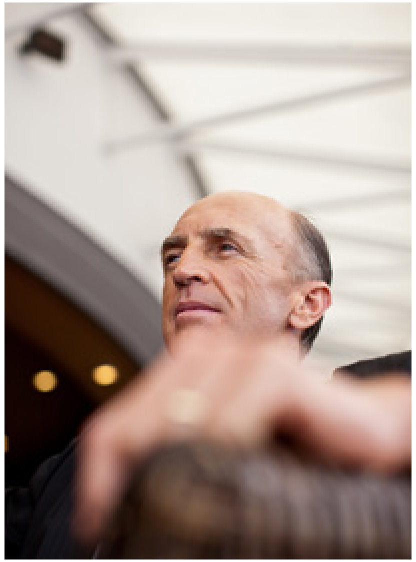
70%

OF SENIOR EXECUTIVES SAY THEY SEE THE NEED FOR CLOSER COOPERATION OVER THE NEXT FIVE YEARS.

On average there's broad consensus that more cooperation is needed to support employer branding efforts; 70 percent of senior executives say they see the need for closer cooperation over the next five years. However, CEOs are decidedly less convinced; only 53 percent say they see it as a growing need, compared with 77 percent of those in HR and recruiting.

These numbers point to a nearly unwinnable challenge for HR. CEOs don't have confidence in their ability to solve strategic talent challenges – of which employer branding is a critical component. But CEOs also don't generally feel the need to involve HR to a deeper extent.
FIGURE 4

For those respondents who claim closer cooperation on employer branding is needed, we asked how confident they were that cooperation was achievable. Just



15 percent say they are "very confident" cooperation can be achieved – though 42 percent are "confident" it can be so.

Looking at opinions by functional area, 31 percent of CEOs are "very confident" cooperation is achievable, compared to only 14 percent of those in HR and recruiting.
FIGURE 5

COOPERATION WANTED

Respondents from the banking and energy industries both cite a much higher need for cooperation among stakeholders – a finding not terribly surprising for two industries that have fought a storm of negative public opinion over the last five years. Eighty-four percent of banking executives and 83 percent of energy executives want closer cooperation.

FIGURE 4

DO YOU SEE A NEED FOR CLOSER COOPERATION WITHIN EMPLOYER BRANDING BETWEEN THESE STAKEHOLDERS OVER THE NEXT FIVE YEARS?

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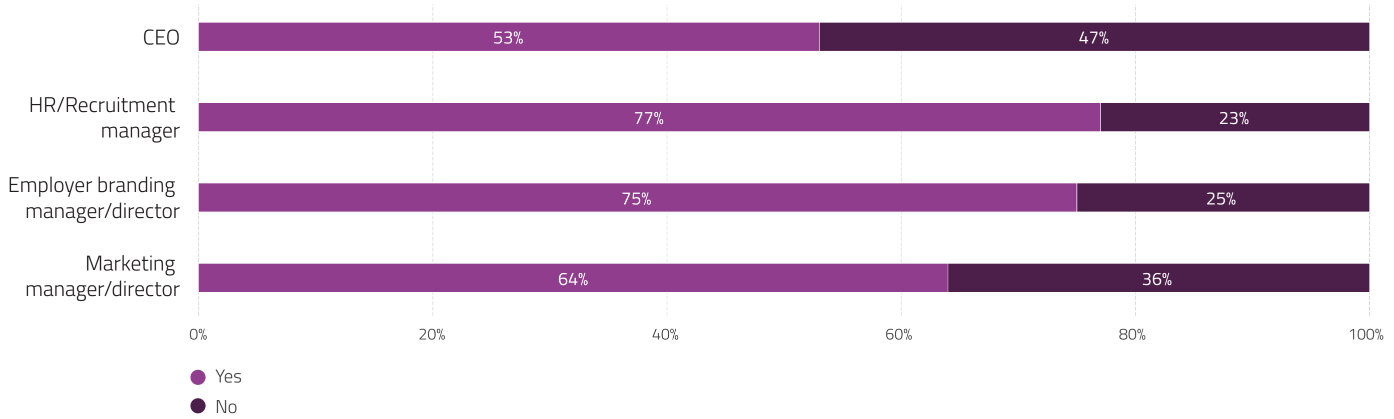

FIGURE 5

HOW CONFIDENT ARE YOU THAT THIS COOPERATION WILL BE ACHIEVED?

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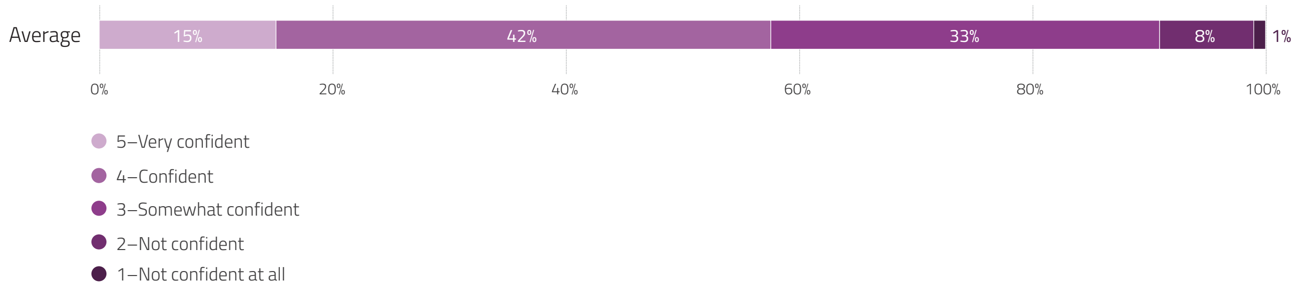

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Employer branding objectives

36%

POINT TO FULFILLING SHORT-TERM RECRUITMENT NEEDS WHEN ASKED ABOUT THEIR EMPLOYER BRANDING OBJECTIVES.

We asked respondents about their employer branding objectives. More than a third point to fulfilling short-term recruitment needs (36 percent). Other popular answers include securing long-term recruitment needs (31 percent), improving retention (26 percent), building the employer brand at the local level (24 percent) and differentiating from the competition (23 percent).

We also asked how these objectives will change in five years. Respondents aim to focus more on securing long-term objectives (from 31 percent currently to 40 percent in five years), and to build the employer brand on a global level (from 14 percent currently to 31 percent in five years). Some areas of focus it seems will become less important: "Building an employer brand at the local level" and, inexplicably, "developing clear and consistent communication material" both become less important according to the five-year figure (from 24 percent to 15 percent and 18 percent to 11 percent, respectively).

What we find most interesting: None of these employer branding objectives earns much more than one third of respondents' votes currently. The most critical objective today – "to fulfill our short-term recruitment needs" – is claimed by just 36 percent. Long-term recruitment planning polls at only 30 percent. Improving retention? Just over one quarter.

Which begs the question: Why are so few executives prioritizing these objectives? And why are CEOs doing so in even lower numbers? It's hard to say exactly, but any one of the following could be true:

- A lack of clarity about which objectives matter most
- A perceived lack of ownership for the discipline of employer branding
- Employer branding not viewed as a critical priority when the organization faces so many other pressing challenges

FIGURE 6

INDUSTRY SPOTLIGHT

Employer branding priorities vary to some degree by industry:

- The energy industry is much more interested in securing short-term recruitment needs than the average (53 percent for energy industry, versus 36 percent average).
- The tech industry is more focused on building the employer brand on a global level (23 percent for the tech industry, versus 14 percent overall).

FIGURE 6

WHAT ARE YOUR MAIN EMPLOYER BRANDING OBJECTIVES?

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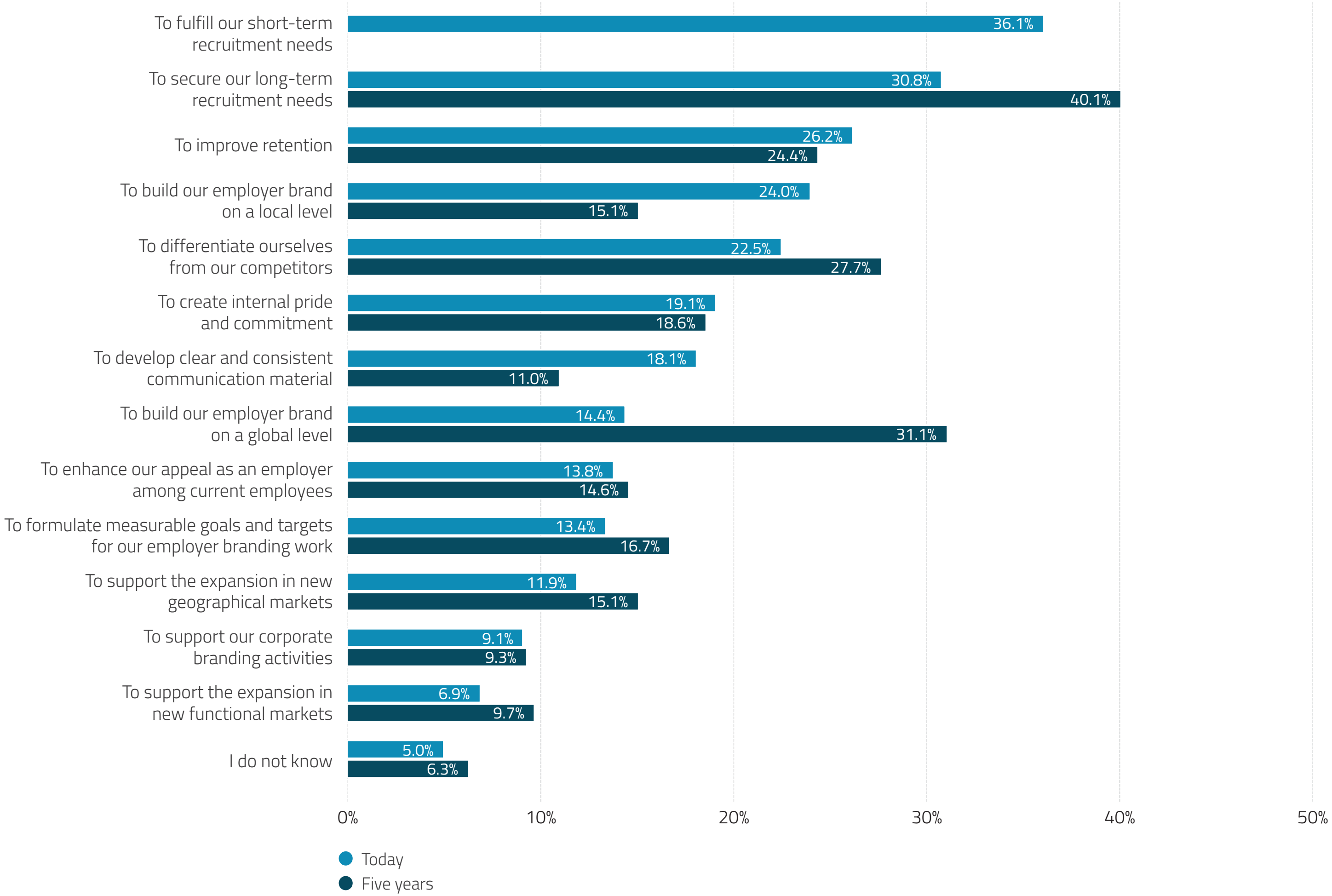


Employer branding budgets

26%

FOCUS THEIR EMPLOYER BRANDING EFFORTS ON EXTERNAL AUDIENCES.

One way to understand the commitment to employer branding is to study how organizations are currently investing in it.

We asked executives to detail whether their employer branding efforts are more internally focused, or external (on a scale of 0 to 10, where 10 is 100 percent directed externally). Overall, 26 percent of respondents fall into the top three categories (overwhelmingly external), while only 6 percent are in the bottom three categories (overwhelmingly internal). The mean is 6.1 out of 10, meaning on average organizations are weighted slightly more toward external rather than internal employer branding activities.

Looking at individual industries, most track closely to the average with the exception of fast-moving consumer goods (FMCG); the mean for respondents from FMCG is 7.25.

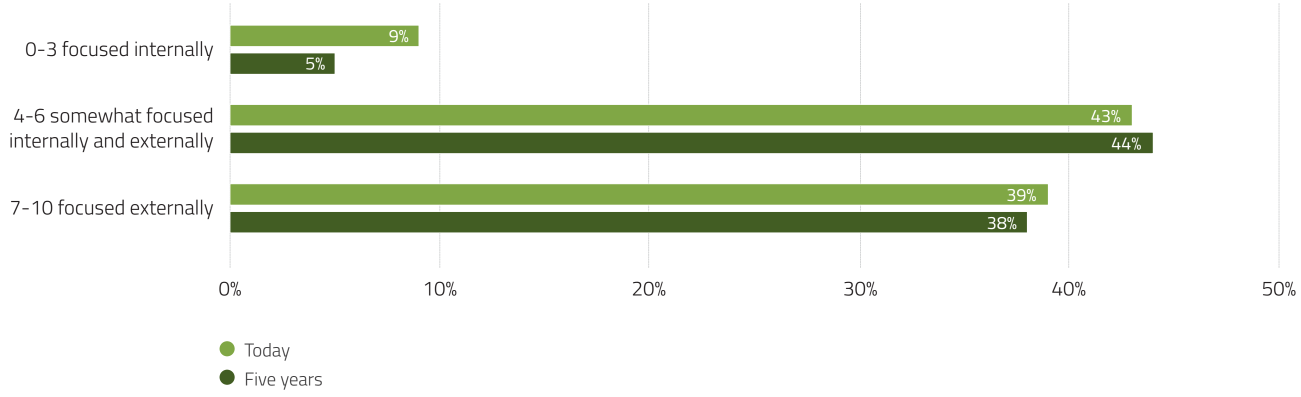
These findings are interesting in that, while organizations are seemingly more focused on external employer branding efforts, often KPIs measure more exclusively internal factors – a topic we'll explore more deeply in the second eBook in this series, *The Employer Brand Misalignment*.

We also asked how respondents envision the mix of internal and external employer branding activities five years from now. The mean rises only slightly when respondents are asked about their activities in five years – from 6.1 to 6.2 – which is not statistically significant. FIGURE 7

FIGURE 7

ON A SCALE OF 0 TO 10, HOW IS THE BUDGET FOR EMPLOYER BRANDING SPLIT BETWEEN ACTIVITIES FOR INTERNAL AUDIENCES AND EXTERNAL AUDIENCES?

Zero being 100% focused internally and 10 being 100% focused externally



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A unified brand

In recent years, there's been an increasing effort to more closely align employer and consumer branding. Companies like GE have poured massive resources into creating brand narratives that are attractive to both clients and potential employees – the idea being that there is a large overlap between those two groups.

A study by LinkedIn and Lippincott looked at hundreds of global brands to better understand the benefits of aligning consumer and employer brands – and companies with strong marks in each showed a five-year cumulative growth in shareholder value of 36 percent.

We asked executives about this connection – how strong they feel it is today, and what they envision to be the case in five years. Relatively few claim the two are perfectly aligned (19 percent say "they are the same"), though nearly 30 percent aim to achieve that objective over the next five years. Over one third (36 percent) say "there is a connection today", a number that jumps to more than half (52 percent) for the five-year figure. And those who claim no connection at all? They stand at 17 percent today, dropping down to 6 percent in five years.
FIGURE 8

We also asked whether organizations have strategies in place to improve the connection. Do they have a combined consumer and employer brand strategy? The responses track fairly closely to those above. While only 16 percent have one strategy for both, another 16 percent say they have "more or less the same strategy". In contrast, nearly one third (31 percent) say they have two completely different strategies or "barely any combined strategy." FIGURE 9

When asked whether the consumer brand is a factor when planning activities for the employer brand, 12 percent cite it as a very strong consideration (a score of 10 on a scale of one to 10). And a third (33 percent) choose a score of seven or higher.

Ask marketers these questions and the answers are starkly different. Marketers are much more likely to report a connection between the consumer brand and the employer brand.

Eighty-two percent of marketers say there is either a connection or they are one and the same, versus 55 percent of respondents in general. And 60 percent say the consumer brand is a consideration in employer branding (defined as those answering a seven or higher). Compare that to 33 percent overall.

19%

OF EXECUTIVES SAY THEIR CONSUMER AND EMPLOYER BRANDS ARE THE SAME.

FIGURE 8

HOW STRONG IS THE CONNECTION BETWEEN YOUR CONSUMER BRAND AND YOUR EMPLOYER BRAND?

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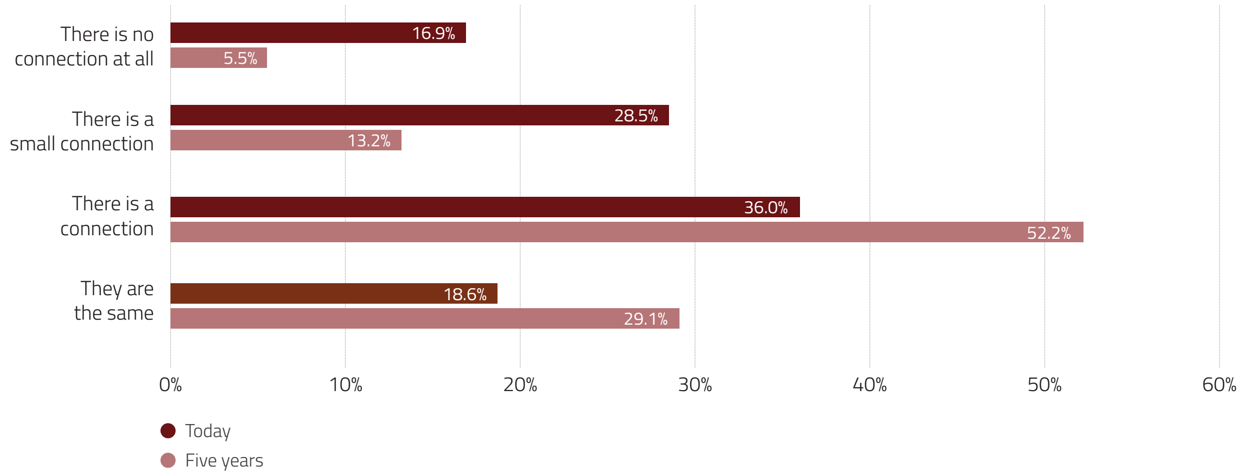

FIGURE 9

DO YOU HAVE A COMBINED STRATEGY FOR YOUR CONSUMER BRAND AND YOUR EMPLOYER BRAND, I.E. AN OVERALL BRANDING STRATEGY?

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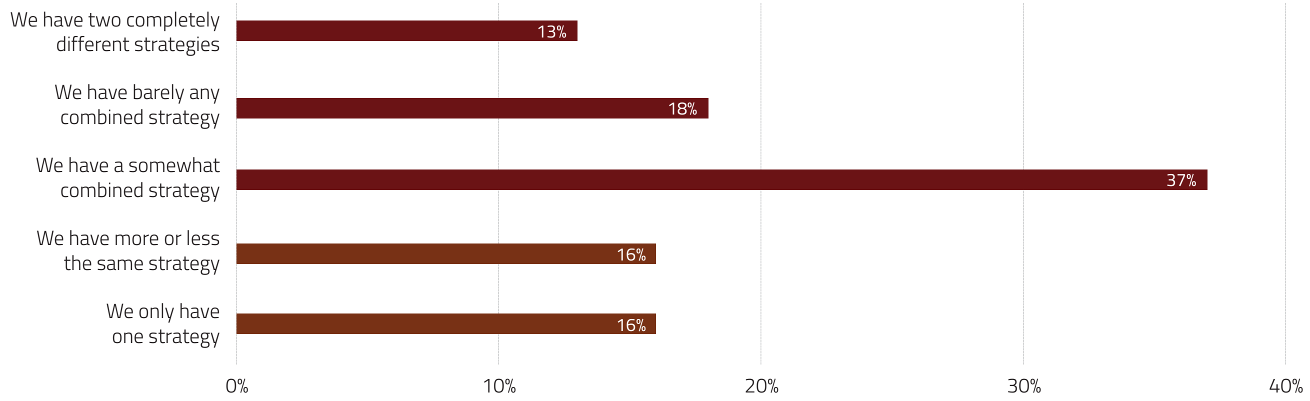
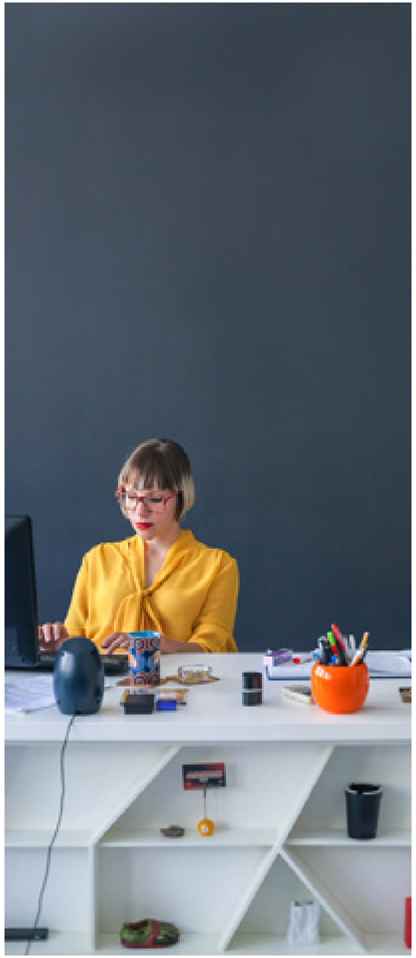


How do organisations move forward?



Without question talent attraction is a critical issue, but even a decade after the 'talent gap' became an overused term, there appears to be little consensus about how to move forward.

PwC's global CEO survey reports that, while 93 percent of CEOs say they know they need to change their strategy to attract and retain talent, 61 percent say they have not taken steps to do so yet.

It's an astounding admission.

Our survey also finds a significant divide regarding who owns employer branding, what objectives to focus on, and where to focus efforts. In the second edition in the series, we will explore the organizational schism related to employer branding in more detail, looking at EVPs and the metrics organizations use to evaluate employer branding.

Want more information about auditing your own brand, taking steps to improve accountability within your organization, or even resources that point to where you can start?

Check out our Employer Attractiveness Rankings

For more information about Universum's research services, click here

For more information about Universum's consulting services, click here

Who's in charge of Employer Branding at your organisation?

Get in touch with Universum today and let us help you build a better employer brand

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The 2020 Outlook survey is based on 2338 interviews conducted online between mid-October and mid-December 2014 across 18 countries. Respondents are representing a variety of industries and job functions. More than 50 percent were working within HR and 16 percent were CEOs of their respective organization, while 23 percent were working for organizations with more than 1000 employees in the country. The following industries are covered by the research: Banks, Chemicals, Construction, Consumer Electronics and Household Appliances, Educational and Scientific Institutions, Engineering and Manufacturing, Fast Moving Consumer Goods, Technology Hardware & Equipment, Legal Services, Management and Strategy Consulting, Non-Governmental Organisations (NGOs)/Non-Profit Organisations (NPOs), Energy (Oil & Gas, Renewable Energy, Nuclear Energy), Real Estate, Retail, Software and Computer Services. Please note that industry breakdowns are only shown for industries with more than 100 survey respondents.

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