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# Employer branding 3.0

## The next generation

Have you just got your head around Web 2.0? Act fast – Web 3.0 is right around the corner. **Brett Minchington** outlines how this will connect employees and customers for a better society



**F**or the past two-and-half years I have been travelling the world interacting with leaders and sharing best practice in employer branding. Each new country provides an opportunity to learn about the local nuances and the challenges of delivering an employment experience which positively impacts on an employee's ability to deliver a brand experience expected by their customers.

In each of the 20 countries I have travelled to, it is evident there are political, economic, social and technological forces confronting companies which will require a combined stakeholder effort to ensure business sustainability. However, I find there is one common force that connects us all – the human will to create a better society. We hear political leaders talk about it in discussions on critical issues such as climate change, financial reform and labour practices. Future sustainability will require a collaborative effort to maintain a healthy balance of 'what's good for profit' and 'what's good for society.'

A study by the US Federal Reserve Board shows the dramatic increase in the importance of intangibles such as brand to overall corporate value in the second half of the 20th century. It is arguable that in general the majority of business value is derived from intangibles such as the employer brand.

Since its inception in the early 1990s, employer branding has evolved through three stages: employer branding 1.0, employer branding 2.0 and employer branding 3.0 (see Table 1).

Employer branding 1.0 was characterised by one-way interactions between employers and their employees and customers. Employees were seen as an infinite resource and talent was in abundance during the industrial revolution. Jobs were for life and employer branding was used to fill jobs as companies experienced growth.

Employer branding 2.0 evolved due to advances in technology and the invention of the internet. This led to the rise of the knowledge worker and centralised manufacturing in developing nations where labour costs were low. Generation Y employees grew up seeing their parents being laid off and by the time they turned 25 years most already had multiple careers. The ageing population in many developed nations and declining fertility rates and globalisation led to a talent scarcity and higher wages as companies enjoyed an extended period of growth in the first decade of the new Millennium.

The GFC has led to a shift towards employer branding 3.0. Tomorrow's most successful companies will be those that recognise all stakeholders have a responsibility to make the world a better place, not just employees and customers,

but suppliers and investors too. A positive employee experience will lead to higher levels of employee engagement which will drive customer engagement, increased investments and company and shareholder profits. Creating a better society, not a focus on company profits, must become the starting point of strategy development.

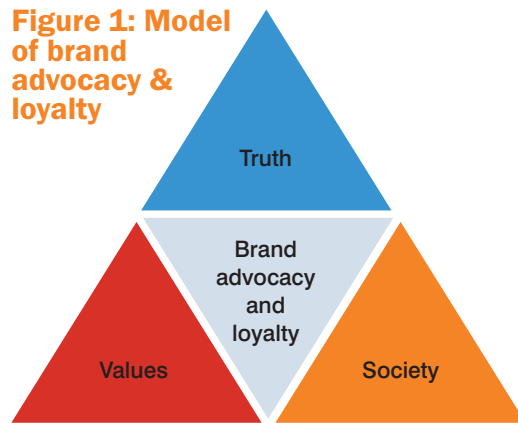
### Employer brand 3.0 – A model of brand advocacy and loyalty

A 2007 Towers Perrin survey of nearly 90,000 employees worldwide found that only 21% felt fully engaged at work and nearly 40% were disenchanted or disengaged. That negativity has a direct impact on the bottom line. Towers Perrin found that companies with low levels of employee engagement had a 33% annual decline in operating income and an 11% annual decline in earnings growth. Those with higher engagement, on the other hand, reported a 19% increase in operating income and 28% growth in earnings per share.

In a 2009 study of 1,478 full-time US employees, Maritz found companies stressing either strong principles or social ideals tend to be those that are most likely to attract employees. They also found companies that strive for high profits but offer little else to intrinsically reward employees have to pay their employees a premium to keep them satisfied. When employees work for highly principled companies they not only enjoy their customer interactions more, but also feel customers are served better. Companies must strive for brand advocacy and loyalty with employees and customers (see Figure 1).

Employees and customers are seeking to build relationships with companies whose values reflect their own. It is no longer sufficient for values to

**Figure 1: Model of brand advocacy & loyalty**



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simply reside in company mission statements. They need to inspire employees in such a manner that they optimise the employee-customer relationship. This is the foundation upon which trust is developed.

Employees demand authenticity and transparency in the employment experience and customers in the products and services they buy.

Starbucks has set of goal of making 100% of its cups recyclable by 2015, no small feat considering they produce four billion of the 500 billion annual paper and plastic cups. Contributing to a better society not just involves Starbucks' employees, but their customers as well. The focus on trust, values and society leads to higher levels of brand advocacy and loyalty amongst employees and customers. Achieving alignment between the elements in the model will lead to higher levels of profit whilst making a better global society.

Doing the right thing for employees, customers, investors and society is not just about being a good corporate citizen, it's necessary for business survival. **HC**



**About the author**  
**Brett Minchington MBA** is chairman/CEO of Employer Brand International and a global authority, author and corporate advisor on employer branding who has trained leaders in more than 30 cities in 20 countries. For more information email: [brett@employerbrandinternational.com](mailto:brett@employerbrandinternational.com). Details about his new book, *Employer Brand Leadership – a global perspective*, can be found at [www.brettminchington.com](http://www.brettminchington.com)

**Table 1: Comparison of employer branding 1.0, 2.0 and 3.0**

	Employer branding 1.0	Employer branding 2.0	Employer branding 3.0
<b>Objective</b>	Fill jobs	Engage employees	Make the world a better place
<b>Focus</b>	Employer	Employee	Stakeholders
<b>Wealth creation</b>	Employees as infinite resource	Employees as finite resource	Employees as assets
<b>Driving force</b>	Talent abundance	Talent scarcity	Optimise human potential
<b>Value propositions</b>	Functional	Functional & emotional	Functional, emotional & spiritual
<b>Key employment concept</b>	Job for life	Multiple careers	Blended work/life
<b>Relationship with customers</b>	Disconnected	Connected	Community

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