Promoting Authenticity in Employer Brands to Address the Global-Local Problem in Complex Organisations: The Case of a Developing Country

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Abstract—Employer branding is considered as a useful tool for addressing the global-local problem facing complex organisations that have operations scattered across the globe and face challenges of dealing with the local environment alongside. Despite being an established field of study within the Western developed world, there is little empirical evidence concerning the relevance of employer branding to global companies that operate in the under-developed economies. This paper fills this gap by gaining rich insight into the implementation of employer branding programs in a foreign multinational operating in Pakistan dealing with the global-local problem. The study is qualitative in nature and employs semi-structured and focus group interviews with senior/middle managers and local frontline employees to deeply examine the phenomenon in case organisation. Findings suggest that authenticity is required in employer brands to enable them to respond to the local needs thereby leading to the resolution of the global-local problem. However, the role of signaling theory is key to the development of authentic employer brands as it stresses on the need to establish an efficient and effective signaling environment where in signals travel in both directions (from signal designers to receivers and backwards) and facilitate firms with the global-local problem. The paper also identifies future avenues of research for the employer branding field.

Keywords—Authenticity, Counter-signals, Employer Branding, Global-Local Problem, Signaling Theory.

I. INTRODUCTION

The concept of employer branding has emerged through the application of the marketing term ‘branding’ to the field of Human Resource Management (HRM). Employer branding has been defined as the process of establishing a firm’s unique identity as a desirable place to work [1], [2]. Since its inception in 1996, the concept has emerged as an important tool for addressing talent challenges and gaining competitive advantage for firms [3]-[6]. These trends have resulted in the increasing need for talent attraction, development, and retention thereby giving employer branding strategic importance and have urged organizations to continually invest in their development [7].

While the Strategic Human Resource Management (SHRM) and International Human Resource Management (IHRM) literature talks about the global-local problem and considers it a difficult-to-resolve problem [8], [9], it has been argued that employer branding can play an effective role in its resolution by reflecting upon the authentic voice of employees at all levels [9]. This authenticity in employer brands is promoted through the application of signaling theory [10] that establishes an efficient and effective signaling environment required for facilitating the transmission of signals from employer brand signal designers, normally the corporate headquarters (CHQ), to receivers (employees in the local subsidiaries) and back, in the form of counter-signals. Therefore, the role of signaling theory in developing authentic employer brands is considered crucial and has been thoroughly explored and examined in this study, which further fills an important gap in the employer branding and SHRM/IHRM literature.

While the global-local problem has been generally researched by former studies through conceptualizing the local at the local subsidiary management level [11]-[13], this study has conceptualized local at the local employees’ level by believing that it is the voice of employees at the lower-most level that is authentic in real terms. This notion has been particularly ignored by prior studies and unless the issues at the extreme local level are addressed, the resolution of the global-local problem remains ineffective. This is a further contribution of this study. Furthermore, prior studies have briefly hinted at the importance of employer branding in dealing with the global-local problem [9], [10] whereas this paper shall extend the debate through a deep examination, thereby contributing to the literature.

The paper begins with a brief discussion of the global-local problem and the role of employer branding in its resolution. It then reflects on the role of signaling theory in promoting authenticity in employer brands that makes them capable of dealing with the problem. The methodological approach is then briefly described and the context is laid out. This is followed by the findings of the study, which are then discussed. Finally, the avenues for future research are stated.

II. GLOBAL–LOCAL PROBLEM AND THE ROLE OF EMPLOYER BRANDING IN ITS RESOLUTION

It was [14] who first determined that organisations have the need to deal with internal differentiation along with ensuring proper coordination and integration of organisational activities. The problem that was initially dealt by local organisations was later extended to multinationals [15] and later became a well-established area of study [16]-[18]. While the issue has gained attention in recent years, this paper will

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attempt to address the problem from the perspective of employer branding through the application of signaling theory. Complex organizations, such as multinationals, are composed of a set of organizations that operate within their own local environments, hence focusing on the agenda of responding to the local needs along with ensuring global coordination for achieving the benefits of scale and scope, which is why it is important to deal with the global-local problem [16]. If such an approach is ignored, multinationals would become a mere collection of independent firms that do not strategically benefit the overall organization [19]; hence, the dire need to address this problem.

It is argued that employer branding can address the global-local problem through increased brand authenticity [9]. This can be achieved by reflecting on the ‘authentic’ voices of employees at all levels in the local subsidiary, which helps multinationals to focus on the local factors along with the global brand thereby reducing the global-local tensions. This shall further strengthen the overall corporate brand and give it the strength of dealing with issues at both, global and local levels. The role of signaling theory is crucial in promoting authenticity in employer brands and the following section shall discuss this in detail.

III. APPLICATION OF SIGNALING THEORY FOR PROMOTING AUTHENTICITY

Signaling theory has been applied in the field of management to help explain the influence of asymmetric information in a wide range of research contexts [20]. Information asymmetry is a necessary condition of the signaling theory, which occurs as a result of different people knowing different things [21]. The application of signaling theory helps firms reduce information asymmetry between two parties [22] and send/receive signals efficiently and effectively. While signaling theory has been applied in employer branding and corporate reputation management research [10], [23] at a very basic level, this paper shall deeply explore the theory to see its impact on employer brand authenticity.

At a very basic level, we can assume that if strong and honest signals are sent to employees, they will strengthen the trust employees have on their employers and improve the psychological contract, which is the unwritten contract between employees and the organisation. This shall also result in positive word-of-mouth communication thus positively impacting the choices made by potential employees. It also points towards the significant role of organizational leaders in sending honest and costly signals that affects corporate reputation. A crucial part of the process is the feedback process i.e. the use of counter-signals transmitted back to the signalers from the receivers. It is assumed that signalers expect to receive counter-signals from receivers to ensure that their signals have been interpreted in the intended manner [20]. In support of this, [24] argues that feedback improves the signaling process and makes it more effective. The use of counter-signals remains the focus of attention of this paper in pursuit of understanding the authentic voice of employees in the local subsidiary. For this purpose, the case of ADAMCO, a pseudonym for a European multinational operating in Pakistan, has been presented.

IV. CONTEXTUAL BACKGROUND AND METHODOLOGICAL APPROACH: THE CASE OF ADAMCO

While remaining a focus of attention by Western academics, the application of employer branding has been significantly ignored in the developing countries. Therefore, to extend the theory and its application to the developing countries, the case of a European multinational operating in Pakistan was chosen. As Pakistan has a schizophrenic relationship with the West due to its Islamic religion and much of its workforce developing negative views of Western cultures over the last few decades, it shall be interesting to see how employer branding practices have been implemented by the CHQ in its Pakistani subsidiary.

The case study comprises of 10 semi-structured interviews with senior and middle managers and 2 focus group interviews of 6 participants each with the lower level/entry level staff. The fieldwork was conducted in four major cities of Pakistan and spanned around 6 months (July to December 2011). The computer software Nvivo was used for generating themes and analysing qualitative data.

V. SIGNALING PROCESS AT ADAMCO

A. Signal Design, Transmission, and Reception

At ADAMCO, the European-based CHQ served as the designers of employer brand signals that were transmitted to the local subsidiary. These signals were received in written and oral forms including policy documents, management-staff meetings and discussions, seminars, and training workshops. The firm’s employer branding programs sent various positive signals to its internal and external stakeholders, through its various objectives including attraction and retention of key employees; coping up with labor demands; providing excellent working environment to employees; dealing with globalization, innovation, and competition; improving reputation; and improving profitability.

According to [20], the success of the signaling process largely depends upon how efficiently and effectively signals are transmitted to receivers. In the case of ADAMCO, the local subsidiary received employer brand signals from CHQ and enjoyed the autonomy of altering them to suit local needs, hence final employer branding programs were shaped within the subsidiary. Both, HR and Marketing & Communications (M&C) departments were involved in designing and disseminating the employer brand signals. The HR department designed specific employment value-propositions (EVPs), i.e. the set of benefits of working for an organisation, for different groups of employees (such as higher rates of travelling and daily allowances for technical employees including telecom engineers), which were then communicated to employees by M&C department. To reduce asymmetry in information, these programs were developed on the basis of incoming messages (counter-signals) from employees at different levels, which
reflected that the firm was seriously considering feedback of employees and promoting authenticity in its employer brand.

Other internal stakeholders, particularly the non-HR departments were also involved in signal transmission. They transmitted different types of signals; for example the finance department transmitted signals regarding the firm’s financial health through revealing its financial position. For instance, a strong financial position would send positive unintended signals to employees regarding their bright future and welfare, whereas a weak financial position would, on the contrary, alert the employees and may have negative implications. Similarly, the HR department sent signals related to the employees, both intended and unintended, such as in the form of increment in the pay scales or through improved recruitment and retention procedures. Hence, these signalers emphasized different elements of the branding strategy.

The way these signals were received and interpreted depended upon the different segments of employees. For example, signals related with sales commission were important for the sales staff whereas signals regarding a rise in the training budget were more appealing to the technical staff. Hence, it can be argued that employees may pick up on different signals depending upon their priorities or backgrounds/relatedness. At times, they may pick up on unintended signals while ignoring the intended signals or perceiving them in an unintended manner. For example, a decrease in the training budget of customer services department might send negative unintended signals to employees in the technical department that the firm is planning to cut down on training budgets of all departments. This establishes the need and importance of counter-signals in the signaling process.

The existence of a two-way signaling process at ADAMCO was actually useful as the organization received feedback during the design and implementation phases that assisted in amendment and improvement of counter-signals, hence allowing the firm to develop better-suited programs.

B. Signal Interpretation by Receivers

It was important to reveal the authentic voice of employees in order to determine the success of employer branding. Focus group interviews with local employees revealed a generally positive feedback regarding the firm’s employer branding programs. As the firm was seriously considering counter-signals, it managed to improve the employer brand authenticity that helped it develop a strong corporate reputation, hence enabling it to deal with the global-local problem.

VI. THINK GLOBAL – ACT LOCAL MANTRA: THE NEED FOR ADHERING TO THE LOCAL CONTEXT FOR SURVIVAL AND SUCCESS

A. Global-Local Problem and the Role of Employer Branding

Firm’s senior managers acknowledged the complexity inherent in the global-local problem and explained it in detail, particularly in the Pakistani context. A senior employee discussed:

The problem of dealing with global integration and local responsiveness is common to multinationals. It is not easy to coordinate between the two because you have one brand that is operating in a variety of local markets ... It is one of the major problems, I guess, every complex organization faces. Even at the micro level, organizations working in different areas of the same country face similar challenges due to the diversity of cultures and sub-cultures, particularly in a culturally rich country like Pakistan

On the role of employer branding in the resolution of the global-local problem, a senior executive from the HR department explained the outcomes of these programs and their associated merits in the resolution process:

To my understanding, the whole problem revolves around thinking about the local concerns because managing the global brand alone is not as complicated as managing it together with the different local settings that the organization operates in. This means that one thing is at least clear; there stands the need to think about the local settings, and within the local environment, employees are the most important stakeholders. Therefore, their views and input in any sort of policy making is very essential because they can guide you the best ... It is not useful to simply develop policies at the top, without knowing your local environment, and implementing them at the local level. This will create a misbalance between the global and local identities ... By giving the rights to local subsidiaries in making strategies, it can become easier to deal with the global-local challenges simultaneously because it will give an opportunity for authentic voices to come up, and then developing genuinely representative policies will become easy, which can help guide through the problem ...

... In this company, we have been quite effective in dealing with the issue by utilizing our employer brand for this purpose. The voice and concerns of our employees at all levels is reflected in our employer brand as it is developed in consultation with them, and because we have an authentic employer brand, it makes the corporate brand authentic, which helps in minimizing the tensions between the global and local ... Here, the corporate headquarter formulates strategies in consultation with the local subsidiaries and we take input from our local employees. This helps us inform the headquarters about the accurate local market situation, which is reflected in our global and local policies thus helping in dealing with the problem ... Having said that, I never meant one should over-focus on local and ignore the global concerns; its all about managing efficiently.

The importance of considering the local environment and the importance of counter-signals in dealing with the global-local problem can be determined from the above quotation. While the senior managers claimed that they have been effectively handling the problem, it was important to hear the
authentic views of the local employees. Regarding the problem, comments by a few local employees are given below:

We are given the opportunity to give our feedback on strategies being planned or developed in the head office ...

Electronic surveys are very common in this company which takes input from all concerned staff regarding policies that are important for the organization ... I appreciate my company for giving me the say in policy-making; they even welcome new ideas if we offer them

One good thing about this company is that they ensure your participation at every stage. There is complete democracy here and we all have the right to present our views regarding every new or old program, including employer branding

The views of local employees seem consistent and they acknowledged that the firm involved them in strategy-making. As observed above, the company valued local employees and promoted authenticity in its employer brand via listening to their authentic voices, both at the local subsidiary’s management and lower employees’ levels. It was primarily due to the involvement of local employees in strategy-making that the firm was able to address the global-local problem. This indicates that counter-signals were utilized effectively in order to develop an authentic employer brand.

B. Cultural and Religious Signals

ADAMCO began its operations in Pakistan in 2004. It represented a very strong Western corporate culture in which employees were not allowed to communicate in any other language but English and the official dress code was Western (suit and tie), as opposed to the national dress, Shalwar Kameez. Generally, employees perceived the corporate culture as progressive that promoted innovation. The culture was very open as employees enjoyed plenty of rights including the privilege of openly communicating with the management. Staff surveys and generous compensation for new ideas were a common norm. This openness in communication helped the firm develop an exciting culture that generally made employees satisfied. Interview data revealed that the implementation of employer branding programs was welcomed within the company due to an open culture. Employees availed the opportunities of communicating with the senior management in CHQ through teleconferencing that took place semi-annually. This opportunity provided the local employees with access to higher management in the CHQ and enabled them to provide feedbacks directly, thus allowing for the counter-signals to flow directly from local employees to the CHQ management (global level), which reduced the chances of signal manipulation by the senior staff at the subsidiary’s headquarter.

As the policies and practices of ADAMCO did not thoroughly reflect the Muslim culture and traditions, the firm initially faced numerous difficulties in adjusting to the business environment in Pakistan, which is dominated by strong religious influences. Islamic religious doctrines are at the core of all activities and generally employees prefer working for organizations that adhere to religious principles and practices of Islam. Keeping this in mind, ADAMCO decided to adopt practices that complemented the Islamic traditions of the country, such as giving official prayer breaks and reducing working hours during the holy month of Ramadhan. Moreover, special bonuses were given to employees on the two major festive seasons of Eid. These actions of the firm sent positive signals to employees and society-at-large, thus improving its legitimacy, acceptability and reputation. In this regard, a senior manager said:

Successful operations in Pakistan means adhering strictly to religious and cultural norms and practices

Furthermore, employees were now allowed to wear the local attire, Shalwar Kameez in particular, that was previously forbidden. By doing this, Islamic friendly signals were sent to both internal and external stakeholders. Adhering to these cultural and religious practices benefitted the firm through the establishment of a positive image among the locals and a strong employer brand by making it a desirable place to work. The above findings suggest that cultural and religious messages are key employer brand signals in a culturally and religiously sensitive society like Pakistan and they comprise the critical factors of the local environment, hence their importance of being addressed.

VII. DISCUSSION

The global-local problem is a serious issue facing complex organizations. Unsurprisingly, these tensions are more severe for organizations operating in Pakistan due to the unique contextual situation of its economy, such as the high influence of cultural and religious factors, which results in operational and strategic complexities for subsidiaries of foreign multinationals operating therein. It is a culturally diverse and religiously sensitive country with numerous sub-cultures and religious sects that further aggravate the complexity of the issue by making having to deal with the local environment more difficult. Not to forget, the notion of universal practices and hostility to Western cultural imperialism is of significance here. As [25] has argued, the society faces a conflicting situation as a result of social set-up, religion, and influences from the West. The love-hate relationship with the West is very strong in Pakistan where organizations strive for adhering to the local Islamic customs along with desiring to be viewed as modern progressing organizations.

It has been argued that employer branding has the ability of addressing the global-local problem by promoting authenticity [9], [26], [27] and findings of this study support the extent theory. Senior management in the Pakistani subsidiary of ADAMCO acknowledged that by giving voice to local employees in subsidiaries during strategy formulation, firms can effectively deal with the local concerns. According to them, this was the most appropriate way of dealing with the global-local problem. Hence, by reflecting on the case of ADAMCO, this paper discovers that employer brands that reflect authentic voice of employees and respond to the local environment have the ability of dealing with the global-local
problem, however achieving complete authenticity seems extremely difficult particularly in the light of strong criticisms against ‘soft’ HRM practices, such as employer branding, and their impact upon firm performance [28]-[30]. As explained by the case, the overall idea of dealing with the global-local problem is that the local subsidiaries shall be empowered to deal with the local HR issues to promote authenticity [9]. In order to make employer brand effective, it is important that the branding process begins with the knowledge of authentic voices [31], which means that the employer brand must first of all focus on maximizing authenticity in employee voice at all levels, including the local most level. Furthermore, policy makers must look into privileging the local; which means that dealing with the local environment must at least be given importance equal to the dealing of global issues [32]. The need to integrate global operations has its own importance but prioritizing global integration at the expense of compromising local responsiveness issues has serious implications in the form of compromised authenticity of the resulting brand.

Also, the role of signaling theory in developing authentic employer brands is clearly visible in the case of ADAMCO. The firm was able to demonstrate its success through the establishment of an effective signaling environment, which majorly focused on a two-way signaling mechanism complemented by the prevalence of a strong counter-signaling mechanism that allowed authentic voices of local employees to be heard by the designers of employer brand signals. This strategy is most useful in dealing with the global-local problem, as argued in the employer branding literature [9], [10]. Also, the strong signaling environment and an efficient counter-signaling mechanism promoted authenticity in employee voice, which is an important condition of authentic brands [9], [20].

As a matter of final point, it is worthwhile asking the question whether it is possible to develop authentic employer brands that are capable of dealing with the global-local problem? This paper has a positive answer to this question, however findings limit our confidence in supporting the employer branding case outright due to the strategic costs and barriers involved in implementing such heavy strategic change programs and their variable success rates, which have been discovered to be dependable upon numerous factors e.g. contextual influences of the internal and external environments or the quality of a firm’s signaling environment.

VIII. CONCLUSION AND FUTURE RESEARCH

By thoroughly examining the case of ADAMCO, it seems quite relevant that the global-local problem inherent in complex organisations can be effectively dealt with by focusing on the local environment and empowering the employees at all levels. However, this seems difficult without developing employer brands that are authentic and reflect on the voice and needs of local employees. Until this is realised, addressing the global-local problem shall remain a myth for multinational companies. This paper has successfully examined the case of ADAMCO to find out the role of employer branding in addressing the global-local problem and how authenticity can be promoted via the application of signaling theory. As suggested, employer brands may appeal to employees at all levels to promote authenticity and being the implementers of strategy, they must be involved in strategy-making so as to improve the chances of strategy-adoption. Until this is realised, the development of strong and authentic employer brands capable of dealing with the global-local problem is difficult.

Furthermore, this study leaves various unaddressed issues and questions that must be answered by future researchers in order to extend the debate. Future researchers must look into expanding their research on the global-local problem by extending the number of case organisations involved in research as opposed to doing single case study analysis whose findings cannot be confidently generalised to different settings; hence it is proposed that multiple case study analysis must be conducted in the future. Moreover, the role of signaling theory has been argued on the surface in this paper whereas it seems more complicated than debated here, hence future scholars must thoroughly explore the role of signaling theory by looking into how more efficient and effective signaling environments can be established and what impacts its efficiency and effectiveness, e.g. the role of distortion (noise) in the process. Finally, a larger number of stakeholders, including external stakeholders, can be involved for enriching the findings as this study has simply focused on the internal stakeholders. This may result in dynamic findings that shall add significant value to the overall debate.

REFERENCES