Segmenting Employees of BPO Industry Based on Employer Brand using Multidimensional Scaling

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Abstract- The purpose of this research is to identify the perceptual maps for leading companies in the BPO sector according to the clusters of prospective employees based on the employer attractiveness scale propounded by Berthon et al (2005). Descriptive research design was used to conduct this study using surveys. A questionnaire was administered to the students of various disciplines. Participants were required to evaluate the five potential employers under each sector using the sixteen attributes elaborated from the five values (interest value, social value, economic value, developmental value and application value) given by Berthon et al., (2005) using a five point Likert scale (1 = Strongly disagree; 5 = Strongly agree). The results indicate that the employers need to use different strategies to attract talented prospective employees for each sector. The results also show the positioning of companies within each sector for each of the cluster. Hence employers can use different strategies for different clusters of prospective employees.

Keywords: Employer branding, brand positioning, mapping, attract talent, strategy, clustering, attractiveness, multidimensional scaling, perceptions, branding.

I. INTRODUCTION

Product branding helps the companies to develop a lasting image in the minds of the consumer, so that customers start to automatically associate a required image or quality with any product or service. Companies do the same in employer branding in that it creates an image that makes people want to work for the firm because it is a well managed firm where workers are continually learning, growing and becoming part of the companies culture. Employer branding may be a new terminology for many companies, yet it is becoming more and more important to organizations since maintaining and building a strong internal and external brand is an important factor in retaining loyalty, motivation and driving performance. One part of employer branding is the process of placing an image of being a great place to work in the minds of the candidates.

It is not very rare that companies just have mission and vision statements hanging on the wall without any of the employees paying real attention to these values. People always want to feel like they “fit in”. Branding a company like branding a product gives the employer the advantage to gain and retain the ones that really “fit in” into the organization. Employer branding has similarities with product branding. It also has a personality and positioning so the overall value can be defined as employer branding equity. (Aslı Kuşçu, Elif Yolbulan Okan, 2010)

1.1 Employer brand positioning

On the one side, the employer can be seen as a brand with which the employee develops a closer relationship (Ambler and Barrow, 1996). Employer brand differentiation for a company means finding its own sweet spot that’s distinctive in comparison to its recruitment competitors, i.e. an optimal positioning that makes the employer an employer-of-choice among their target group. It involves finding a focus and not saying too much. In the war for talent and in an environment cluttered and saturated by information, communicating a clear, distinctive and consistent message becomes increasingly important – it’s what makes an employer stand-out, be understood and be remembered. Moreover, finding the optimal positioning allows the employer to attract candidates with a good cultural fit and filter out applicants who may not be suitable. Also, through quantitative research, the employer can identify the drivers and attributes of the brand that positively affects its target group’s preference of employer. The employer can then define an Employer Value Proposition, if not done already, or make adjustments to its current EVP to build appeal. The EVP is the distinctive offering, the reason why employees want to work for a particular company instead of a competitor. Our study takes into account only the external perception of organizations. It is then, of course, need to consider the internal perception and the organization’s core values to define a truly differentiated employer brand.

II. THEORETICAL BACKGROUND

2.1 Defining branding

There are many definitions of brand. Aaker (1991), Keller (1998) defined brand as a “distinguishing name and/or symbol intended to identify and differentiate”. A comprehensive definition is as follows: “A name, symbol, design or some combination which identifies the product of a particular organization as having a substantial differentiated advantage” (O’Malley, 1991, p.107)
2.2 Development of branding & brand positioning

Organizations develop brands as a way to attract and keep customers by promoting value, image, prestige or lifestyle. By using a particular brand, a customer develops a positive image of the brand (Ginden, 1993). Brands can reduce the risk a customer faces when buying something that he knows little about (Montgomery and Wemerfelt, 1992). Once customer becomes accustomed to a certain brand, they do not readily accept substitutes (Ginden, 1993). Organizations see ways to take full advantage of this human trait, thus the popularity of branding.

The primary motive of companies is to somehow create a distinct space in the consumers mind generally termed "positioning" (Ries and Trout,1972). The secondary objective is to make this position distinct from other brands. Ries and Trout concluded that, "Positioning starts with the product, a piece of merchandise, a service, a company, an institution, or even a person..." they also state that positioning is not what is done to the mind of the prospect. Basically, the essence is to position the service or product in the mind of the consumer, that, "...positioning shifts the emphasis of marketing from the product to the battle of your mind..." Kotler (1997) defines positioning as: “the process of designing the company’s product/services and image based on consumer’s perception relative to that of competitors”

2.3 Employer branding

Employer branding is defined as “a targeted, long term strategy to manage the awareness and perceptions of current employees, potential employees, and related stakeholders with regards to a particular firm. It suggests the differentiation of a firm’s characteristics as an employer from those of its competitors. It is also defined as ‘the image of your organization as a great place to work in the minds of current employees and key stakeholders in the external market (Minchington, B. & Estis, R. (2009). Employer branding, or employer brand management, involves internally and externally promoting a clear view of what makes a firm different and desirable as an employer. It is the image presented to an organization’s customers and other stakeholders through its employees. Although firms commonly focus their branding efforts toward developing product and corporate brands, branding can also be used in the area of human resource management. The employer brand puts forth an image showing the organization as a good place to work.

2.4 Employer attractiveness

A closely related concept to ‘employer branding’ is the notion of ‘employer attractiveness’. ‘Employer attractiveness’ is defined as the envisioned benefits that a potential employee sees in working for a specific organization. (Berthon; Ewing & Hah, 2005) The construct may be thought of as an antecedent of the more general concept of employer brand equity. In other words, the more attractive an employer is perceived to be by potential employees, the stronger that particular organization’s employer brand equity. (Berthon; Ewing & Hah, 2005) The authors suggested a way to both identify and operationalize the components of employer attractiveness from the perspective of potential employees. The five factors are: interest value, social value, economic value, development value, and application value. Interest value assesses the extent to which an individual is attracted to an employer that provides an exciting work environment, supports employee’s creativity and produces high quality, innovative products. The social value assesses the extent to which a person is attracted to an employer that provides a fun, happy team atmosphere. The third factor, economic value, measures the extent to which a person is attracted to economic standards. Development value assesses the extent to which an individual is attracted to an employer that provides recognition, confidence and a career-enhancing experience. The last factor, application value, measures the extent of attractiveness to an employer that is customer oriented and provides opportunities to apply what is learned.

2.5 Fuzzy clustering

Fuzzy clustering generalizes partition clustering by allowing an individual to be partially classified into more than one cluster. In regular clustering, each individual is a member of only one cluster. Suppose we have K clusters and we define a set of variables mi1, mi2, mi3,...mik that represent the probability that object i is classified into cluster k. In partition clustering algorithms, one of these values will be one and the rest will be zero. This represents the fact that these algorithms classify an individual into one and only one cluster. In fuzzy clustering, the membership is spread among all clusters. The miki can now be between zero and one, with the stipulation that the sum of their values is one. This is called fuzzification of the cluster configuration. It has the advantage that it does not force every object into a specific cluster. It has the disadvantage that there is much more information to be interpreted.

For the sake of our study we have taken the attractiveness dimensions explored by Berthon et al, which is primarily based on the perceptions of potential applicants (final year students) of an employer. By reviewing the literature, there are lots of studies using perceptual mapping for product brand positioning. Yet, employer positioning through perceptual maps are relatively scarce. Hence we thought mapping the employees’ perception could deliver a result of how the leading Indian companies in various sectors are positioned in the minds of prospective employees.

III. THE PROBLEM STATEMENT

Human resource is an important asset of any organization. Identifying the right talent from the prospective candidates is a great challenge faced by the
recruiters. Employer branding helps in attracting the prospective employees from the talent pool and employer brand positioning shows how the employers are positioned in the minds of potential employees. Also, understanding the employer brand positioning of a brand will help in upgrading the employer brand. Companies are generally found lacking in this to a great extent these days which is the main reason for their inconsistency in retaining their best talents. This study helps in identifying how employer brands are positioned in the potential candidates mind and clusters them based on specific characteristics.

IV. METHODOLOGY

4.1 Research objectives

The purpose of this research is to identify the cluster of prospective employees based on the employer attractiveness scale propounded by Berthon et al (2005) for leading companies in IT sector. Then for each cluster in a sector the perceptual maps were plotted using Multidimensional scaling.

4.2 Data source

Three hundred and fifteen (n = 315) students enrolled in various courses like M.Tech, B.Tech, M.E, B.E & MBA at prime institutions around the study area participated in the study. As various sectors were to be analyzed, sample was taken from diversified courses. Institutions were chosen based on their number of potential placement providers so that their students might have a sound knowledge of the employers they were asked to rank.

4.3 Procedure

A questionnaire was administered to the students of various disciplines. Participation to the study was on a voluntary and anonymous basis. Participants were required to evaluate the five potential employers under each sector using the sixteen attributes elaborated from the five values (interest value, social value, economic value, developmental value and application value) given by Berthon et al., (2005) using a five point Likert scale (1 = Strongly disagree; 5 = Strongly agree). Employers were depicted in the questionnaire through the use of their business name itself. The students were also notified to particularly pay attention to the meaning of each criterion while carrying out their evaluations. Finally, students were also instructed to evaluate the employers with the viewpoint of occupying, after graduation, a staff position with each of them.

As we wanted to know how employer brands of BPO sector are positioned in the minds of prospective candidates, we wanted the respondents to rate the top five companies in the respective sectors. The Companies were chosen from the sector wise rankings of Business today. (March 4, 2012)

V. INFERENCES

5.1 BPO sector

<table>
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<th>Summary Section</th>
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<th>Fe(U)</th>
<th>D(U)</th>
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</table>

In table 1, the cluster number that maximizes the Average silhouette and FC (U) while minimizing DC (U) is 2 Clusters. Hence, two clusters have emerged for BPO sector according to the ranking of BPO companies.

Cluster Profiling & Cluster Naming

<table>
<thead>
<tr>
<th>Cluster medoids section</th>
<th>Cluster1</th>
<th>Cluster2</th>
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<tr>
<td>BPO_V1</td>
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<tr>
<td>BPO_V2</td>
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<td>5</td>
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<td>BPO_V3</td>
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TABLE 2 CLUSTER MEDOIDS IN FUZZY CLUSTERING

BPO_V4 1 5
BPO_V5 1 5
BPO_V6 1 4
BPO_V7 1 5
BPO_V8 1 4
BPO_V9 1 5
BPO_V10 1 5
BPO_V11 1 5
BPO_V12 1 5
BPO_V13 1 5
BPO_V14 1 5
Membership Summary Section for Clusters = 2

From table 2, it was inferred that the members of cluster 1 have a disagreement with the attractiveness attributes with respect to the companies in the BPO sector. The members of cluster 2 have a good agreement with the attractiveness attributes with respect to the companies in the BPO sector.

Descriptives

Cluster 1

Most of the potential candidates in cluster 1 belong to age group of 21 - 23 and were male who study B.Tech with a CGPA of 6 – 8.99 and most of them are in a plan to go for work after the completion of their course. Some have not attended any of the campus interviews and some have attended at least one of the interviews. Most of their parents are Business men, Private employees and Professionals and earn an average monthly income of less than 30000 rs. Most of the candidates wants to work within India and expects an average pay greater than 50000rs and prefer job in the area of R&D, engineer and project management.

Cluster 2

Most of the potential candidates in cluster 2 belong to age group of 21 -23 and were male who study M.Tech and B.Tech with a CGPA of 6 – 8.99 and most of them are in a plan to go for work after the completion of their course. They have not attended any of the campus interviews or at least one. Most of their parents are Government employees and business men and earn an average monthly income of 30000 – 50000rs. Most of the candidates wants to work within India and expects an average pay of more than 50000rs per month and prefer job in the area of R&D, engineer and project management.

Cluster Naming

Hence Cluster 1 can be named as BPO non engagers & Cluster 2 can be named as BPO engagers.

Multidimensional scaling

Positioning Of the BPO Companies

Cluster 1:

The interpretation of this plot depends on how good a representation it is of the actual dissimilarities, i.e., how low the stress value is. Stress values lesser than 0.2 and ideally 0.1 indicates that there is greater fit between dissimilarities and inter object distances. In this case, Since the Kruskal’s stress value is less than 0.1, the configurations are considered to be reliable and hence can be interpreted.

The Maps show the perceptual differences of the students towards various employers selected for the study. The perceptual map generated by MDS is illustrated in Figure. The percentage of variance explained by each attribute can be used to interpret the two dimensions. The larger the proportion of an attribute in a dimension, the more essential that attribute is in determining the meaning of that dimension. The results of the multidimensional scaling/perceptual map show that respondents think of the companies largely on these two dimensions:

(i) Dimension 1: Compensation package (v8)
(ii) Dimension 2: Work environment and Team atmosphere (v6 & v1) (bottom) & Promotional Opportunities (v10) (top)

Thus, Employers who are perceived to be having very Good compensation package are HP followed by Gempact and poor in providing good compensation package is IBM and Infosys.

Whereas when work environment and Team atmosphere & Promotional Opportunities is concerned, Gempact stands first followed by Infosys and HP.

Two companies are located near each other, and are closely competitive. This includes IBM and Deloitte. Potential employees in this group perceive similar attractiveness between these companies with regard to employer attractiveness attributes. Gempact and HP are positioned far away from the other companies. Its attractiveness has unique features.

GOOGLE ranks highest and INFOSYS ranks lowest in dimension 1 & IBM ranks highest and INFOSYS ranks lowest in dimension 2.

Multidimensional scaling

Positioning Of the BPO Companies

Cluster 2:

The Maps show the perceptual differences of the students towards various employers selected for the study. The perceptual map generated by MDS is illustrated in below Figure.
The percentage of variance explained by each attribute can be used to interpret the two dimensions. The larger the proportion of an attribute in a dimension, the more essential that attribute is in determining the meaning of that dimension. The results of the multidimensional scaling/perceptual map show that respondents think of the companies largely on these two dimensions:

(i) Dimension 1: Good colleague/ supervisor relationship (v5) (left) & Promotional Opportunities and recognition (v10 & V11) (right)

(ii) Dimension 2: Confidence (v12) (bottom) & Ability to teach others (v16) (top)

Thus, Employers who are perceived to be having very Good colleague/ supervisor relationship & Promotional Opportunities and recognition is Infosys whereas Deloitte ranks last in this. Whereas when Confidence & Ability to teach others are concerned, Infosys followed by Gempact.

As per the respondents of cluster 2, Infosys stands unique compared to all other companies.

VI. LIMITATIONS OF THE STUDY

The study has taken attributes from Berthon, Ewing & Hah, (2005) for getting perceptions about various companies and there could still be some more attributes which is yet to be explored. The companies/employers though selected carefully through investigating various sources, we could not assure that all the employers are known by the students. Some of them knew at least one of the employers better than the others. It may therefore be difficult for a student (or even a future employee) to accurately evaluate an employer he does not know or knows very little.

VII. FUTURE RESEARCH DIRECTIONS

The study focussed only the potential applicants’ perceptions. Yet, there is another side, the perceptions of existing employees which is uncharted. A longitudinal study might help to figure out whether or how far the perceptions of these potential applicants change after entering the real job scenario. As stated by, (Barrow & Mosley, 2005), the purpose of brand positioning statements is to define what your brand currently stands for in the hearts and minds of your target audiences (the brand reality) and what you would like your brand to stand for in the future (the brand vision). The study could be further extended to check whether there is brand integration with the brand reality and the brand vision.

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