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Reward Optimisation: The case for employer branding

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ABSTRACT

Orientation

In competitive global markets, it is becoming ever-more challenging to attract and retain talented employees that possess scarce skills critical to the sustained success of an organisation. Technological advancement and the changing nature of the work has exponentially increased the demand for highly skilled knowledge workers, often referred to simply as talent. Imitating the products and processes of competitors has become easier to do than ever before and competitive advantage is increasingly being found in intangible assets, such as a reputable/desirable employer brand and having access to scarce intellectual and human capital.

Reason for the Study

A positive relationship between the level of remuneration and the perceived attractiveness of a job offer has consistently been found and is often the basis of determining reward offerings. The global economic recession of the recent past and the decreasing availability of financial resources has meant that organisations need to identify alternative (non-financial) strategies to attract, motivate and retain employees, colloquially referred to as the war for talent. Developing a desirable and attractive employer brand has become a promising non-financial strategy that has already proven to be effective in talent attraction and retention.

In the present study, the notion that talented employees may accept a lower level of remuneration to be employed at an organisation that is perceived to have a reputable/desirable employer brand was investigated, in other words that a reputable/desirable employed brand may represent a remuneration discount for organisations. Given that remuneration or the salary bill is typically the largest expense for any organisation and provided the offers remain attractive to talented employees, any saving will represent a significant amount of money. Attracting talented employees, at a remuneration discount compared to their competitors, would enable organisations to further enhance their competitive advantage and increase their sustainability in an economy characterised by limited financial resources.

Research Purpose

In a similar manner as consumers are willing to pay a premium or inflated price for a product that has a desirable brand, it was argued in the present study that knowledge workers may accept a lower level of remuneration to be employed at an organisation that is perceived by them to have a reputable/desirable employer brand.

The aim of the study was, therefore, to investigate if a reputable/desirable employer brand could result in a remuneration discount for organisations, while still achieving similar levels of job attractiveness amongst prospective employees.

Research Design

The present study employed a 2x2 or 2² full-factorial experimental design. Two independent variables were manipulated, namely remuneration well-above the industry norm (present or not present) and a reputable/desirable employer brand (present or not present) resulting in four distinct conditions. Perceived job attractiveness (the dependent variable) was measured after a respondent was exposed to one of the four stimulus conditions. The variables were manipulated by offering respondents one of four job advertisements, each being the same other than differing in terms of the manipulations. The job advertisements were used as a stimulus to determine the effect of remuneration and employer brand on perceived job attractiveness, as well as to investigate if any interaction effects were present.

Furthermore, respondents were asked to estimate their expected salary per annum for the job advertisement (stimulus condition) they were exposed to. The expected salary that participants estimated when exposed to a job advertisement was considered a measure of brand equity.

Respondents were additionally presented with an employer brand survey containing different brand images. Respondents were asked open-ended questions based on the brands they were exposed to. Examples of the questions included “Considering the brands illustrated above, which of them would you consider your dream job?” and “Would you be willing to accept a remuneration discount to work at your dream job?”

A non-probability convenience sampling approach was employed to distribute an online survey to different organisations and individuals across South African organisations. Approximately 180 questionnaires were distributed, of which 161 questionnaires were returned. A realised sample ($n = 121$) was achieved once responses with more than 20% missing data were removed. As a snow-balling approach was further used, one is not able to calculate a response rate. Random assignment of respondents (i.e. randomisation) was achieved by setting the Qualtrics software to randomly assign each respondent to one of the four experimental conditions (i.e. one of the four job advertisements). This was done to ensure that the four sub-samples of respondents, in other words in each of the four conditions were similar and not different in any respect other than the stimulus they were exposed to, so ensuring the validity of the results. Data was analysed using Descriptive Statistics, Principal Components Analysis and a Full-Factorial ANOVA.

Main Findings

Results indicated that remuneration well-above the industry norm had a statistically significant ($p < .05$) main effect on job attractiveness. The results further indicated that a reputable/desirable employer brand had a statistically significant ($p < .05$) main effect on job attractiveness. More pertinent in terms of the aim of the present study, the results indicated that when a reputable/desirable employer brand was present, the level of perceived job attractiveness was not statistically significantly different if remuneration was well-above the industry norm or not. No statistically significant ($p > .05$) interaction effects were found between remuneration well-above the industry norm and a reputable/desirable employer brand.

In terms of expected salary, without offering remuneration well-above the industry norm, a difference in expected salary for Condition 1 ($M=R550,833$) and Condition 3 ($M=R499,200$), the presence of a reputable/desirable employer brand and not, respectively were found. Similarly, when offering remuneration well-above the industry norm, a difference in expected salary for Condition 2 ($M=R467,407$) and Condition 4 ($M=455,840$), the presence of a reputable/desirable employer brand and not, respectively was found.

It was noted that if remuneration well-above the industry norm was offered, a desirable employer brand generates some brand equity. However, when remuneration well-above the industry norm

was not offered (i.e. lower levels of remuneration), a reputable/desirable employer brand offers a sizable quantum of brand equity. These results, albeit in the opposite direction of brand equity were believed to support the notion of a remuneration discount, given the presence of a reputable/desirable employer brand.

Respondents were further presented with a slide containing different well-known brand images and asked to indicate if any of them would be their dream job (in terms of working for any of the presented brands). Google was most frequently chosen by respondents as their dream job, followed by Apple, Woolworths, Mercedes-Benz and Coca-Cola (respectively). When asked, innovation and prioritising employee well-being were prominent themes in terms of reasons respondents provided for their choice of a dream job. Additionally, 75% of respondents revealed that they would be willing to accept a remuneration discount (i.e. lower level of remuneration) to be employed at their dream job.

Contribution of the study

Although the relationship between the level of remuneration and perceived job attractiveness is well established, limited research is available on the influence of a reputable/desirable employer brand on perceived job attractiveness. The results obtained in the present study indicated that a reputable/desirable employer brand has a statistically significant ($p < .05$) main effect on perceived job attractiveness. Furthermore, no literature could be found that investigated the causal effect of a reputable/desirable employer brand and remuneration well-above the industry on perceived job attractiveness. The results from the current study showed that even in the absence of remuneration well-above the industry norm, organisations with a reputable/desirable employer brand are likely to have a positive effect on perceived job attractiveness. It was, therefore, established that organisations with reputable/desirable employer brands may remain attractive, even at a remuneration discount. In other words, organisations with reputable/desirable employer brands may not only be able to attract and retain talent, but also save relatively large amounts of money.

Managerial Implications

The notion of brand equity and the desirable outcomes thereof are well-established in Marketing. Organisations have adopted the same branding principles in an effort to achieve a reputable/desirable employer brand in the belief that it, similarly, will bring about positive outcomes. The findings of the present study positively contribute to this list of reasons and makes for an even more cogent, financially based, argument for organisations to make every effort to ensure they have a reputable/desirable employer brand in the market.

The application of an experimental research design allowed for a causal assessment of the effect of remuneration well-above the industry norm and a reputable/desirable employer brand on the perceived attractiveness of a job offer.

Given the current economic recession, organisations are under financial pressure and no longer able to offer exorbitant salary offers in an effort to attract the best talent. The results of the present study seem to suggest that organisations that have been able to establish a reputable/desirable employer brand may be able to make equally attractive yet financially more viable job offers when compared to organisations that offer remuneration well-above the industry norm, but do not have employer brands that are considered attractive. Simply put, there seems to be evidence for a remuneration discount for a reputable/desirable employer brand.

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CHAPTER 1

INTRODUCTION

In highly competitive and demanding labour markets, organisations can no longer ignore the necessity of attracting highly skilled or so-called talented employees. The relative ease by which organisations are now able to replicate the products and processes of competitors has meant that intangible assets, such as intellectual capital, employer brands and access to a talented and engaged workforce, has become key to any organisation wishing to have a sustainable competitive advantage in their chosen market. Therefore, the knowledge, skills and abilities of employees that are at their disposal are considered amongst the most important factors for any organisation seeking to achieve a sustainable competitive advantage. The shift to human capital (synonymous to the term talent here) as a source of competitive advantage has come about with the fast pace of globalisation and technological advancement, which has exponentially increased the demand for highly skilled employees or knowledge workers (Chhabra & Sharma, 2014; Tanwar & Prasad, 2016).

Remuneration has, and still is, one of the defining characteristics of an employment relationship. The level of remuneration offered has arguably been one of the most influential means by which organisations attract, engage and retain knowledge workers in an effort to maintain and even enhance their competitive advantage. Although a positive relationship between the level of remuneration and the perceived attractiveness of a job offer has consistently been found, changes in the global economy and the resulting scarcity of financial resources, has required that organisations identify and employ alternative non-financial strategies to achieve similar levels of attractiveness, engagement and retention.

Remuneration or the salary bill is typically the largest organisational expense for any organisation. The effects of globalisation and technological advancement alluded to above and the resulting need to compete for highly skilled individuals, the so-called war-for-talent has contributed to inflated remuneration levels, becoming an even larger burden for organisations than ever before (Milkovich & Newman, 2009; Schlechter, Hung & Bussin, 2014). This while

organisations find themselves in a global recession and being under greater financial pressure than ever before. Given the significant cost of remunerating employees and the current scarcity of financial resources, organisations need to find ways to reduce the salary burden and still be able to compete effectively in the war-for-talent. This seemingly paradoxical situation has resulted in scholars and practitioners to explore non-financial strategies to attract, motivate and retain employees.

As a response to the challenges referred to above, the establishment of a field of study within reward management known as reward optimisation has emerged. The aim of reward optimisation in its simplest form is to find ways to achieve the highest level of return on remuneration investment.

Total reward optimisation involves an attempt to optimally manage the reward offering and to not only enhance and maximise the effectiveness of the reward package, but also increase job attractiveness whilst not unnecessarily over-spending on the salary bill (Roberts, 2013). Reward optimisation is akin to the notion of return on investment. Given how large the salary bill has become proportionally to the total operational expense of any company, any saving on the remuneration package offered to individual employees should quickly result in significant cost savings for organisations. Given the current economic down-turn, there has never been a more opportune time to determine the optimal level of remuneration, in other words remuneration levels that are as low as possible, yet is still attractive and able to motivate knowledge workers.

For the reasons alluded to above, there has been a growing interest and importance placed on non-financial reward elements as part of a total rewards model. According to WorldatWork (2015), total rewards models typically include the following reward elements, the first two being financial reward elements and the latter four being non-financial reward elements:

1. *Compensation*. Cash payments provided by an employer to its employees in exchange for services rendered.
2. *Benefits*. Programs and schemes (provisions for uncertainty and risk, including retirement programs and income protection).

3. *Work-Life Effectiveness*. Organisational practices, programs and policies that support individuals in their responsibilities towards their dependants (incl. flexible scheduling, child-care programs and telecommuting)
4. *Recognition*. Formal and informal programmes that acknowledge employee effort and contribution, including actions and behaviour that are supportive of the organisational objectives and strategy. Behaviours, overt or covert that directly contribute to organisational success and sustainability.
5. *Performance Management*. Attempts to align organisational, team and individual activities toward the achievement of organisational goals and success. Employees are also more productive and engaged when roles and objectives are clearly articulated (not ambiguous) and regular feedback is provided.
6. *Career Development*. Providing employees with opportunities to advance their competencies and skills allowing them to progress in terms of both their long- and short-term career goals.

Policies and practices related to non-financial offerings as reflected in total rewards models, have become well-established within most organisations. This has created a situation where new and novel approaches or strategies need to be sought to complement those already in place. More recently, organisational leaders and their human resource (HR) business partners have increasingly emphasised the employer brand as a means to improve job attractiveness and sustain a competitive advantage in volatile markets.

The development of an employer brand concept is largely attributed to the success of branding principles in the field of marketing management. In competitive markets, branding has enabled organisations to command higher prices and larger profit margins for their products, establish barriers to entry, lower price elasticity, attract more customers, improve market share, and increase brand loyalty and brand trust (Miller & Muir, 2005). It is further suggested that ownership of a brand can imply status, project a particular lifestyle and enhance customer image, referred to as conspicuous consumption (Wong & Merrilees, 2007). The positive differential effect that results from a customer's association with a brand is known as brand equity (Jooste, Strydom, Berndt & Du Plessis, 2012).

Brand equity refers to a customer's association with a brand, which leads a customer to exhibit a preference for a brand to such an extent that when purchasing products, he/she will be prepared to pay a premium price for basically the identical product or service (Jooste *et al.*, 2012). A premium price strategy involves "...setting a price above the category average to give the brand an air of superior quality" (Miller & Muir, 2005, p. 60). Incorporating a premium price strategy can be a source of competitive advantage, especially in terms of a consumer's quality perceptions and organisations ability to improve profit margins. The greatest challenge, however, is to determine a point where brand loyalty is maintained, in exchange for a premium price.

Given the success of branding and brand equity in marketing management, it is no coincidence that organisations are recognising the importance and potential value of an employer brand. In a global survey conducted by Deloitte LLP, 72% of organisations acknowledged increased investment in developing and enhancing their employer brand (Botha, Bussin & De Swardt, 2011). Furthermore, Employer Brand International's (EBI) 2012/2013 Global Research study found that 69% of organisations were willing to increase their investment in initiatives related to their organisation's employer brand (Tanwar & Prasad, 2016). It is therefore suggested that a reputable/desirable employer brand attracts better applicants, reduces recruitment costs and decreases the cost per applicant (Chhabra & Sharma, 2014). It is further assumed that organisations with reputable/desirable employer brands remain attractive to talented employees, even at lower levels of remuneration (Sokro, 2012; Wallace, Lings, Cameron & Sheldon, 2014; Berthon, Ewing & Hah, 2005).

Aim of the study

Based on the arguments above, it was postulated that in the same way as consumers are willing to pay a premium or inflated price for a product that has a desirable brand, knowledge workers will accept a lower level of remuneration (provide a remuneration discount) to be employed at an organisation that they perceive to have a reputable/desirable employer brand.

The aim of the study was, therefore, to investigate if a reputable/desirable employer brand could result in a remuneration discount for organisations, while achieving similar levels of perceived job attractiveness amongst prospective employees.

Although the relationship between the level of remuneration and perceived job attractiveness is well researched, no literature could be found that investigated the causal effect of a reputable/desirable employer brand and remuneration well-above the industry norm on perceived job attractiveness. It is suggested that even in the absence of remuneration well-above the industry norm, that organisations with a reputable/desirable employer brand will have a positive effect on perceived job attractiveness. Furthermore, that organisations with a reputable/desirable employer brand will remain attractive, even when employing people at a remuneration discount so saving them money.

Given the significant cost of remunerating employees and the current scarcity of financial resources, developing and maintaining a reputable/desirable employer brand could be a strategy to not only reduce the salary bill (i.e. remuneration discount), but also compete effectively in the war-for-talent.

CHAPTER 2

LITERATURE REVIEW

Given the structural changes in the nature of work, it is suggested that organisations are experiencing an increase in demand for knowledge workers and less so for unskilled labour. According to Aguinis, Gottfredson and Joo (2012), knowledge workers are individuals within an industry that possess scarce knowledge, skills and abilities. In competitive labour markets these individuals serve as an important source of competitive advantage and are colloquially referred to as talent. Organisations, to compete in the so-called war-for-talent, have had to develop strategies to improve job attractiveness, in an attempt to hire such individuals (Hung, 2014). However, before an organisation can develop strategies that improve job attractiveness, it is important that organisations consider the various factors that influence job attractiveness (Hung, 2014). These factors are discussed below. For purposes of this research study, the terms knowledge workers and talent are used interchangeably.

Job Attractiveness

In an era where the knowledge, skills and abilities of employees are a primary source of competitive advantage, organisations cannot ignore the importance of attracting knowledge workers (Schreuder & Coetzee, 2016). According to Ulrich (2008), 85% of senior executives' regard knowledge workers as critical to long-term organisational success and essential to an organisations intellectual capital. Globalisation, demographic change and international migration, however, challenge organisations when attempting to attract knowledge workers (Bhatnager & Srivastava, 2008; Coetzee & Gunz, 2012; Ulrich, 2008). Consequently, organisations are actively exploring different factors that could influence job attractiveness (Miller & Muir, 2005).

Job attractiveness is defined as "...the envisioned benefits that a potential employee sees in working for a specific organisation" (Berthon et al., 2005, p. 156). There are numerous factors that influence job attractiveness, including: the level of remuneration, employer branding, the employee value proposition, the psychological contract and organisational identification (Hung, 2014; Schlechter, Thompson & Bussin, 2015). The section that follows provides a brief overview

of the above-mentioned factors, except for remuneration and employer branding that will be discussed more thoroughly as they are key constructs in the current study.

Employee Value Proposition

The Employee Value Proposition (EVP) is used to describe the unique characteristics and perceived value of the offerings employees receive, which are hopefully appealing to them (Bussin & Van Der Merwe, 2013; Armstrong, 2007). A desirable EVP is considered an important strategy to enhance job attractiveness (Bussin & Van Der Merwe, 2013).

Kochanski and Ledford (2001) define an EVP as a set of desired organisational attributes employees perceive as important when evaluating job attractiveness. These attributes are typically grouped into three different categories, namely: 1) functional; 2) experiential; and 3) symbolic (Keller, 1993). Functional attributes describe an organisation's employment environment in terms of objective, physical and tangible characteristics. These characteristics may include remuneration, job security, training and development and potential for promotions (Cable & Graham, 2000). Experiential attributes characterise the organisation's impact on an individual's sensory satisfaction, including social interaction, stimulating work environments, diversity and team accomplishments (Ambler & Barrow, 1996). Symbolic attributes describe an organisation in terms of intangible characteristics, representing the intrinsic benefits of employment, such as personal expression and social approval (Ambler & Barrow, 1996).

Psychological Contract

Although explicit contractual agreements contribute to the distinctive employment offering, it is suggested that the complete employment experience and nature of the employment relationship in any organisation involves much more than the explicit particulars of a written contract (Edwards, 2010). The psychological contract generally refers to the implicit and explicit promises two parties (the employer and employee) make to one another (Rousseau & Tijoriwala, 1998). Traditionally, psychological contracts between employers and employees would be regarded as a non-written agreement where the employee would exchange loyalty in return for job security (Hendry & Jenkins, 1997). However, with increased outsourcing and downsizing organisations have established a new form of psychological contract. Currently the nature of the

psychological contract is one where employers provide opportunities for the development of marketable skills in exchange for productivity and flexibility for the employee (Sokro, 2012). Given the negative perceptions associated with this new form of psychological contract, organisations conduct external marketing to communicate organisational benefits such as career opportunities, training, personal growth and development (Sokro, 2012). External marketing of organisational benefits is aimed at improving job attractiveness.

Organisational Identification

Organisational identification can be defined as the degree to which an employee defines him or herself by the same attributes that he or she believes define the organisation (Dutton, Dukerich, & Harquail, 1994). It is suggested that organisations with an attractive employer brand promote higher levels of organisational identification (Dukerich, Golden, & Shortell, 2002). Cole and Bruch (2006) also argued that organisational identification will improve job attractiveness. It is therefore important that organisations incorporate external marketing to communicate elements of their employer brand to increase organisational identification, which could potentially improve job attractiveness (Edwards, 2010).

Although the employee value proposition, psychological contact and organisational identification are important aspects of job attractiveness, employees have still continuously regarded remuneration as the most important aspect of job attractiveness (Smit, Stanz & Bussin, 2015; Pregiolato, Bussin & Schlechter, 2017).

Remuneration

Remuneration forms the basis of an organisation's total reward system. Remuneration refers to the "...total all-inclusive annual cost to company of employing an incumbent. This cost includes basic pay or salary, guaranteed benefits and short-term incentives, such as an annual bonus tied to the performance of the company, and team and/or individual performance and long-term incentives" (Coetzee & Schreuder, 2012, p. 275). Stated more simply, remuneration refers to the cash payments provided by an employer to an employee in exchange for their services (Schlechter *et al.*, 2014). Although remuneration is most often the largest organisational expense,

remuneration could be beneficial in attempts to achieve various strategic goals and objectives (Gilman, 2009).

Remuneration and strategic goals

Remuneration does not only serve the function of rewarding employees for their discretionary effort, but also to achieve various strategic goals and objectives, including:

1. *Attracting and retaining talented employees.* Employees often compare remuneration levels of various organisations. Organisations that offer the highest level of remuneration are likely to be perceived as more attractive (Gilman, 2009). Employees further value fairness as an important employment characteristic (Gilman, 2009). This perception of fairness is largely influenced by the organisational justice (sense of fairness) that exists within an organisation's remuneration system (Gilman, 2009).
2. *Improving employee performance.* Employees expect a certain level of remuneration in exchange for their discretionary effort. When organisations recognise and remunerate high levels of performance, employees are believed to be more motivated to exert high levels of performance, with the expectation of even higher remuneration in the future (Gilman, 2009; Milkovich & Newman, 2009).
3. *Ensuring organisational justice or fairness.* Employees expect congruence between their level of effort and the remuneration they receive. Employees often compare their level of effort and remuneration with those of their colleagues, as well as with employees in different organisations. When employees perceive any incongruence between their level of effort and remuneration, they are likely to experience a sense of cognitive dissonance. Consequently, in response to any perceived dissonance, employees will either change their perceptions of remuneration, alter their level of effort, compare themselves to different employees, or disengage and even choose to leave the organisation (Gilman, 2009). It is therefore important that organisations ensure internal and external equity in remuneration, which is done by conducting regular job evaluations and wage surveys (Gilman, 2009).
4. *Controlling labour costs.* Remuneration is considered the largest expense in most organisations budget (Milkovich & Newman, 2009). It is therefore important that

organisations implement an effective/optimal remuneration strategy. An optimal remuneration strategy could involve managing the number of employees with the organisation, the hours they work, and the average level of remuneration offered (Gilman, 2009).

5. *Motivating staff.* Organisations use remuneration in attempts to improve organisational performance and to encourage specific behaviours (Gilman, 2009).

Subjective perception of remuneration

When compared to others, not all individuals perceive remuneration to be as important and/or attractive to them. Employees do not only perceive remuneration in terms of its objective functions, such as acquiring certain goods and services, but also in subjective terms. Societies have certain rules and social norms that often dictate subjective norms associated with remuneration (Hung, 2014). Mitchell and Mickel (as cited by Schlechter *et al.*, 2014), suggested that remuneration consists of affective, symbolic and behavioural components. Affective components on the one end of the spectrum are characterised by people whom perceive remuneration level as important and valuable, while on the other end people perceive remuneration level negatively, even as evil and/or bad. Symbolically the level of remuneration is often associated with attributes most people strive for, including achievement, recognition, status and respect, power, freedom and control. Remuneration level is further used to recognise accomplishments and may contribute toward power and access to resources. Finally, the behavioural component of remuneration level focuses on individual actions, which could include certain financial investments.

Coetzee and Schreuder (2012) argue that organisations do not function in isolation. There are factors in both the external environment and internal environment that organisations should take into consideration when implementing remunerations systems (Coetzee & Schreuder, 2012).

Factors influencing remuneration

Factors in the external environment that organisations should consider when implementing remuneration systems include: economic influences, globalisation and legislation. With regards

to the internal environment, organisations should take into consideration such factors as the organisational characteristics when implementing remuneration systems.

Economic influences

Increases in wages and/or salaries are often indicative of low levels of unemployment, high inflation or a high demand for a specific worker. In times of economic uncertainty, the availability of money decreases and organisations have trouble affording exorbitant pay increases, bonuses and any additional benefits (Coetzee & Schreuder, 2012). During economic instability, organisations are realising more and more that they need to incorporate reward optimisation strategies (Chhabra & Sharma, 2014). Total reward optimisation is an approach to improve the effectiveness and return on investment of the total reward offering (Roberts, 2013). Total reward optimisation involves the optimal combination of different reward elements (Roberts, 2013). With labour costs accounting for more than fifty percent of total organisational costs, the optimal management of total rewards becomes important (Datta, 2012).

Globalisation

The emergence of a global workplace is having a significant impact on the way work is conducted and managed, and how employees are remunerated. Many multi-national organisations, doing business locally and internationally, are faced with a variety of remuneration challenges and decisions when setting remuneration, including the location of the parent company, company size and where the company may be in its growth cycle (Coetzee & Schreuder, 2012; Milkovich & Newman, 2009).

Legislation

The Labour Relations Act 66 of 1995, the Basic Conditions of Employment Act 75 of 1997 and the Employment Equity Act 55 of 1998 address most aspects related to remuneration in South Africa. Furthermore, at an organisational level bargaining councils, wage agreements, statutory council agreements and recognition agreements further influence remuneration levels in specific industries (Coetzee & Schreuder, 2012).

Organisational characteristics

An organisation's ability to pay high wages and/or salaries is an important consideration when remunerating employees. Organisations vary in terms of their structure, goals and resources, which influence the relative level of remuneration they offer (Milkovich & Newman, 2009). Organisations experiencing positive financial prospects may offer more generous remuneration, compared to organisations faced with financial constraints and insecurities (Milkovich & Newman, 2009). It is therefore important that organisations regularly monitor their financial condition and prospects, as it is generally easier to avoid a remuneration increase, in contrast to engaging in pay cuts because of financial hardship (Coetzee & Schreuder, 2012). Milkovich and Newman (2009) suggests that if organisations engage in remuneration decisions that are consistent with the organisational strategy (aligned to employee needs and maintain trade union relationships), then an organisation is more likely to maintain higher levels of perceived job attractiveness.

Remuneration and Job Attractiveness

The design and implementation of remuneration policies and procedures are integral in an individual's decision to join or remain in an organisation and influences the amount of effort they are willing to exert (Nienaber, Bussin, & Henn, 2011). Remuneration policies and procedures should therefore be responsive and flexible to changes that occur in the internal and external environment for remuneration to remain an influential lever to attract, retain and motivate talented employees (Nienaber *et al.*, 2011). The symbolic component of remuneration is deemed particularly important in terms of job attractiveness, as the level of remuneration is an important organisational characteristic that influences potential applicant's assessment of the job (Schlechter *et al.*, 2014). The level of remuneration also acts as a means to satisfy human needs, such as status, recognition and achievement. It is further suggested that remuneration has a direct effect on job attractiveness, because remuneration determines the level of purchasing power (Cable & Judge, 1994).

Schlechter *et al.* (2014), determined that remuneration, employee benefits, and variable pay have statistically significantly main effects on perceived job attractiveness. Remuneration, however, was deemed to have the strongest main effect on perceived job attractiveness. Nienaber *et al.*

(2011), indicated similar findings, where remuneration had a statistically significant main effect on job attractiveness. Bussin and Van Rooy (2014) determined the importance of remuneration in terms of age and found that for the Baby Boomers, Generation Xers and Generation Ys, remuneration was deemed most important. Schlechter, Faught, and Bussin (2014) further highlighted remuneration as the most important reward for Black artisans older than 50 years of age in South Africa. The influence of remuneration on job attractiveness was also emphasised by Pregolato *et al.* (2017) where choice-based conjoint analysis or choice-based modelling indicated that respondents considered remuneration as the most important element in the total rewards package for retention. These findings were corroborated by Smit *et al.* (2015) who found that remuneration was the element organisations value as most important when attracting talented employees. It is, therefore, accepted that job attractiveness is greater when organisations offer higher levels of remuneration (Boswell, Roehling, LePine & Moynihan, 2003; Van Rooy, 2010).

In addition to remuneration being an important factor in job attractiveness, there has been an increasing recognition for a relationship between a reputable/desirable employer brand and perceived job attractiveness (Minchington, 2010).

Employer Branding

Ambler and Barrow (1996, p. 187) were first to apply branding principles to human resource management, defining an employer brand as “...the package of functional, economic and psychological benefits provided by employment, and identified with the employing company”.

Employer branding is also described as a set of attributes and qualities, often intangible that make an organisation distinct, promises a unique employment experience, and appeals to those individuals who will thrive and perform best in the organisational culture (CIPD, 2009; CIPD, 2007). Given the success of branding in marketing management, organisations have incorporated branding principles to the organisation, as a strategy to attract talent (Tanwar & Prasad, 2016).

Branding

According to the American Marketing Association, a brand is "...a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services from a seller or a group of sellers and to differentiate them from those of competition" (Keller, Aperia & Georgson, 2012, p. 4). Branding further illustrates the synergistic contribution of all marketing efforts that establish an image in the customer's mind, and contribute to successful organisational outcomes (Miller & Muir, 2005; Wong & Merrilees, 2007). In global labour markets, brands aim to create awareness, reputation and prominence in the marketplace (Keller *et al.*, 2012). Brands further serve the function of simplifying consumer decision-making, risk reduction and establishing customer expectations (Keller, *et al.*, 2012).

Traditionally the purpose of brands was to differentiate between competing products and services, represent quality, and provide legal protection from imitation (Tuominen, 1999). Nowadays, brands fulfil a strategic role in the organisation. In addition to commanding an improved market share, reputable brands positively influence organisational growth, shareholder value and improve the ability to attract talented employees (Miller & Muir, 2005). It is suggested that brands with a market share of 40 percent generate three times the return on investment than brands with a 10 percent market share (Miller & Muir, 2005).

Organisations with reputable brands can further command a premium price strategy (Miller & Muir, 2005; Budac & Baltador, 2013; Jiang & Iles, 2011). A premium price strategy involves "...setting a price above the category averages to give the brand an air of superior quality" (Miller & Muir, 2005, p. 60). Incorporating a premium price strategy can be a source of competitive advantage, especially in terms of a consumer's quality perceptions and organisations ability to improve profit margins (Miller & Muir, 2005). Familiarity with the brand increases consumer confidence, brand attitudes, purchase intentions, and reduces the negative impact associated with an unfavourable brand experience (Keller, 2002; Jiang & Iles, 2011).

Reputable brands further benefit from lower price elasticity (Miller & Muir, 2005). Brands with low price elasticity experience minimal change in turnover, resulting from a price increase in the product or service. A positive association with a brand often leads customers to exhibit a

preference for a brand, when products are basically identical, and be prepared to pay a premium price (Jooste *et al.*, 2012). Consequently, a consumers' willingness and loyalty to pay a premium price for a brand, over that of a similar lower priced one, is considered brand equity (Jiang & Iles, 2011).

Brand Equity

Brand equity is defined as "...a set of brand assets and liabilities linked to a brand that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker and Joachimsthaler, 2000, p.17). Brand equity arose as a concept in the 1980's, where the high prices for products and services primarily reflected the value of a brand (Jooste *et al.*, 2012). Brand equity is therefore a positive differential effect that results from a customer's association with a brand (Jooste *et al.*, 2012).

Brand equity is advantageous as it increases profit margins and improves the efficiency and effectiveness of marketing programmes (Keller, 2002; Kucherov & Samokish, 2016; Collins & Kanar, 2013; Jooste *et al.*, 2012; Tuominen, 1999). Furthermore, brand equity positively impacts brand loyalty in terms of consumers' confidence in the purchase decision, improving use satisfaction and enhancing processing information (Jooste *et al.*, 2012). Therefore, in competitive markets, brand equity is considered a source of competitive advantage. Additionally, brand equity consists of several components and is considered a multi-dimensional construct.

Various models have been constructed and developed to explain the various components of brand equity. Aaker's model of brand equity is one such model that is frequently used.

Aaker's model of brand equity

Aaker's model of brand equity identifies four asset categories that together characterise brand equity. These asset categories are:

1. *Brand loyalty* is an important component of the brand's value (Jooste *et al.*, 2012). Brand loyal customers generate greater sales and profitability. Customer loyalty further

establishes a competitive advantage as it serves as a barrier to entry for new competitors (Jooste *et al.*, 2012).

2. *Perceived quality* is central to what consumers purchase and is often used to differentiate between various competitors. Perceived quality is the only brand association shown to enhance financial performance and plays a role in consumers' willingness to pay a premium price (Jooste *et al.*, 2012). Perceived quality essentially illustrates the relationship consumers experience between the cost for the product and its benefits (Jooste *et al.*, 2012).
3. *Brand associations* can "...be linked to a product benefit with tangible attributes; to organisational associations attached to the culture, people and skills of the organisation; or to a set of human characteristics associated with a given brand, as identified by its brand personality" (Jooste *et al.*, 2012, p. 397). Brand associations refer to the mental links that exist between consumers and the key attributes of a brand (Jooste *et al.*, 2012). Brand associations could therefore enhance positive or negative perceptions towards the brand.
4. *Brand awareness* refers to the strength of a brand's presence in the consumer's mind (Jooste *et al.*, 2012). Brand awareness increases the consumer's ability to recognise the brand and increases the probability of the brand being purchased (Collins & Kanar, 2013). Brand awareness is often viewed from the perspective of familiarity (i.e. number of brand associations) and accessibility (i.e. ease of brand recall). Therefore, brand recognition and brand recall are considered measures of brand awareness (Tuominen, 1999; Jooste *et al.*, 2012).

Furthermore, Backhaus and Tikoo (2004) presented a conceptual illustration, explaining employer branding as a synthesis of principles relating to marketing management and human resource management. It is suggested that organisations incorporate employer branding to develop two primary assets, which include employer brand associations and employer brand loyalty (Backhaus & Tikoo, 2004).

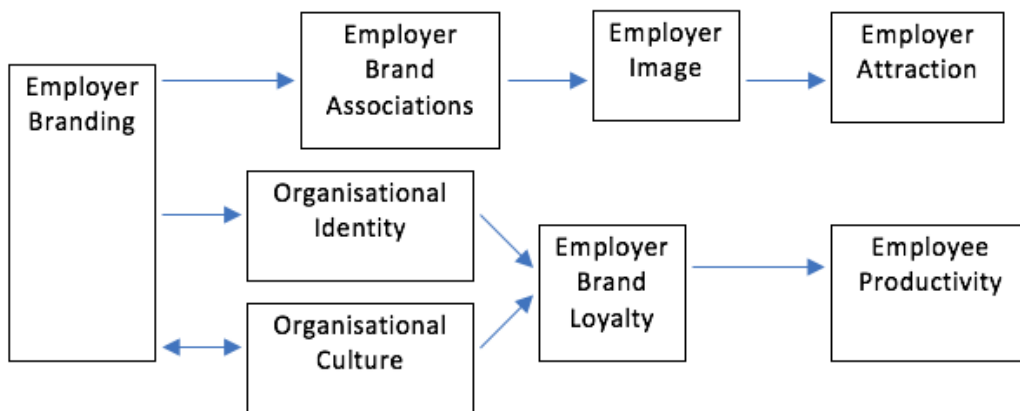
Employer brand associations

Employer brand associations represent the ideas and thoughts that current and potential employees have regarding rational and emotional employment characteristics (Kuchеров & Samokish, 2016). Employer brand associations impact employee behaviour, as they reflect an organisations ability to satisfy employee needs. Employees are attracted to organisations that are congruent with their own values and needs (Collins & Kanar, 2013). Surface brand associations represent knowledge about an organisation that requires minimal cognitive processing. Surface associations are subjective and involve attitudes, general impressions and dispositions toward an employer brand (Collins & Kanar, 2013). Complex brand associations are knowledge or beliefs regarding an organisation that require greater cognitive effort and processing. In terms of complex brand associations, employees evaluate and analyse an organisation to form perceptions on the degree of their person-organisation fit (Collins & Kanar, 2013).

An organisations brand image is considered a combination of perceptions regarding the product-related/non-product related characteristics and the functional/symbolic attributes that represent the brand associations, which reside in the employees' mind (Backhaus & Tikoo, 2004). It is argued that an organisations image is a major factor in attracting talented employees (Chhabra & Sharma, 2014). Functional attributes of an employer brand represent desirable in (objective terms) employment factors, including benefits, salary and allowances. Symbolic attributes represent the social approval employees imagine receiving if employed with an organisation and the prestige associated with such employment.

Social identity theory provides theoretical support for a link between the employer brand image and talent attraction (Backhaus & Tikoo, 2004). Social identity theory suggests that a customer will purchase a product because of the positive self-concept that results from the association with a brand (Backhaus & Tikoo, 2004). Similarly, as potential employees acknowledge the positive aspects of an employer image, they are more likely to identify with the employer brand and will therefore seek membership in an organisation that provides a sense of heightened self-concept (Backhaus & Tikoo, 2004). Potential employees further compare the employer image to their own values, needs and personality. Congruence between individual and organisational values,

referred to as the person-organisation fit, is believed to further influence perceived job attractiveness.



(Backhaus & Tikoo, 2004, p. 505)

Figure 2.1. Employer Branding Framework

Employer brand loyalty

Employer brand loyalty refers to an employee's commitment to pursue or remain employed within an organisation (Kucherov & Samokish, 2016). Employer brand loyalty can be conceptualised in terms of a behavioural dimension, in other words an employee's willingness to remain employed with the organisation that relates to an organisation's culture and an attitudinal dimensions (an employee's level of commitment toward the organisation) that in turn relates to an organisations identity (Backhaus & Tikoo, 2004).

Organisational culture represents the values and assumptions learned and displayed by current employees that are passed on to new employees (Chhabra & Sharma, 2014). Employer branding often attempts to influence organisational culture and organisational identity through employer brand loyalty (Backhaus & Tikoo, 2004). Brand loyal customers will continue to purchase a product, regardless of unfavourable circumstances. As such, employer brand loyal employees will pursue continued employment with the organisation, regardless of employment conditions, which might warrant them to consider different employment opportunities (Backhaus & Tikoo,

2004). Reputable employer brands further improve employee attitudes, which improve performance and contribute to increased returns on investment (Mandhanya & Shah, 2010).

Given the economic uncertainty and talent scarcity, there is an increasing need for organisations to develop and enhance their employer brand. In competitive labour markets, where talented employees represent an important source of competitive advantage, a reputable employer brand seems to become an important discriminator (Bendixen, Bukasa & Abratt., 2004; Collins & Kanar, 2013).

From the above, reputable employer brands arguably reduce the cost of talent attraction, improve employee relations, increase employee retention and allow organisations to offer less remuneration for comparable employees (Berthon *et al.*, 2005; Sokro, 2012). Various models and strategies exist that explain how organisations may develop a reputable employer brand, one of which is discussed below.

The Three-Step Employer Branding Process

According to Backhaus and Tikoo (2004), developing a reputable employer brand is considered a three-step process.

The first step requires an organisation to develop a desirable value proposition. The value proposition is embodied in the brand and represents the organisations culture, product and service quality, knowledge, skills and abilities of current employees and the employment image (Tanwar & Prasad, 2016; Chhabra & Sharma, 2014). The value proposition reflects a true representation of an organisation's characteristics and is the central message conveyed by the employer brand (Tanwar & Prasad, 2016; Chhabra & Sharma, 2014).

The second step entails the external marketing of the employer brand (Tanwar & Prasad, 2016). External marketing involves communicating the value proposition (Tanwar & Prasad, 2016). The primary role of external marketing is to attract talented employees (Chhabra & Sharma, 2014). It is, however, important that the employer brand is consistent with other organisational branding efforts (Chhabra & Sharma, 2014).

The third step involves the internal marketing of the employer brand (Tanwar & Prasad, 2016; Chhabra & Sharma, 2014). Internal marketing aims to adhere to the psychological contract. The goal of internal marketing is to develop a workforce that is committed to the organisation and strives to achieve a favourable reputation, both inside and outside the organisation (Tanwar & Prasad, 2016).

Employer Branding and Job Attractiveness

The need for organisations to develop alternative strategies to improve job attractiveness, has led to a reputable/desirable employer brand being increasingly recognised as such a strategy (Botha *et al.*, 2011).

The Annual South African HR Recruitment Trends Report (2016) indicated that 76% of organisations valued their employer brand as having the most significant impact on their ability to attract talented employees. Similarly, the Ernest and Young (EY) Sub-Saharan Africa talent

trends and practices survey (2014) revealed that the strength of an employer brand was the most significant factor in attracting talented employees, followed by a competitive salary. Minchington (2010) found empirical evidence for a relationship between a desirable employer brand and talent attraction. Furthermore, Backhaus and Tikoo (2004) developed the employer branding framework to explain the relationship between the employer brand and job attractiveness.

Figure 2.2 (below) summaries Chapter 2 in a fishbone diagram, which indicates some of the influential factors that impact on perceived job attractiveness.

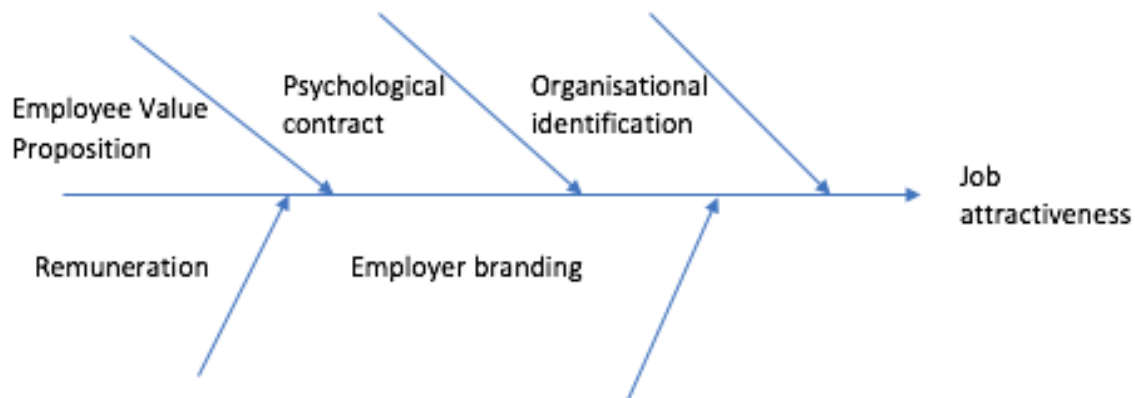


Figure 2.2. Fishbone Diagram of Job Attractiveness

Conclusion

The scarcity of knowledge workers is a challenge for many organisations. In a knowledge economy the demand for talented employees is a consequence of the increasing importance organisations associate with access to human capital and intellectual capital for success and sustainability. It is therefore important that organisations incorporate strategies to improve job attractiveness and so attract the best talent available.

Remuneration has been shown to be an important factor in determining perceived job attractiveness (Schlechter *et al.*, 2014; Nienaber *et al.*, 2011; Pregnolato *et al.*, 2017). A positive

relationship between the level of remuneration and the perceived attractiveness of a job offer has consistently been found and is often the basis of determining reward offerings.

However, the global economic recession of the recent past and the decreasing availability of financial resources has meant that organisations need to identify alternative (non-financial) strategies to attract, motivate and retain employees, colloquially referred to as the war for talent. Developing a desirable and attractive employer brand has become a promising non-financial strategy that has already proven to be effective in talent attraction and retention.

In the present study, the notion that talented employees may accept a lower level of remuneration to be employed at an organisation that is perceived to have a reputable/desirable employer brand is suggested, in other words that a reputable/desirable employer brand may represent a remuneration discount for organisations.

Given that remuneration or the salary bill is typically the largest expense for any organisation and provided the offers remain attractive to talented employees, any saving will represent a significant amount of money. Attracting talented employees, at a remuneration discount compared to their competitors, would further enable organisations to further enhance their competitive advantage and increase their sustainability in an economy characterised by limited financial resources.

In a similar manner as consumers are willing to pay a premium or inflated price for a product that has a desirable brand, it is argued that knowledge workers may accept a lower level of remuneration to be employed at an organisation that is perceived by them to have a reputable/desirable employer brand.

The following section outlines the methods and approaches employed to conduct an empirical study to investigate if a reputable/desirable employer brand could result in a remuneration discount for organisations, while still achieving similar levels of job attractiveness amongst prospective employees.

CHAPTER 3

METHOD

The following chapter will describe the methods used within the current study to address the research questions. The research approach and reason for using the research design will be discussed. Descriptive statistics of the research sample will be outlined as well as the sampling processes that were followed. Details of the data collection procedures employed and measuring instruments used will be described. Furthermore, the methods for statistical analysis will be reviewed.

Research Design and Approaches

The purpose of a research design is “...to structure the research so that it delivers the evidence necessary to answer the research problem as accurately, clearly and unequivocally as possible” (McGivern, 2013, p. 61). A research design represents the basis on which the quality of research is conducted (McGivern, 2013). If a research design is inadequate, evidence derived will not be credible or useful and credible claims based on the research will be invalid (McGivern, 2013).

The research design that was selected for the present research study, was a 2x2 or 2² full-factorial experimental design. The purpose of a full-factorial experimental design is to examine the “...main effects of two or more independent variables and to look at the interaction between the variables” (McGivern, 2013, p. 69). An experiment was designed that manipulated two variables, levels of remuneration (i.e. remuneration well-above the industry norm present vs remuneration well-above the industry norm not present) and employer brand (reputable/desirable employer brand present vs reputable/desirable employer brand not present) and assess their influence on perceived job attractiveness, whilst controlling the content associated with the job advertisements that were used to elicit job attractiveness responses.

A field experiment, characterised by the researcher manipulating a naturally occurring context to induce relevant exogenous variation was employed (Thompson, 2014). In contrast, a laboratory experiment is characterised by the researcher having control of nearly all aspects of the

institutional and economic context (Thompson, 2014). The experiment conducted was not confined to specific environmental controls, as participation in the experiment took place outside the laboratory setting. A researcher has less control in field experiments as a large proportion of the context is independent of the researcher's contribution (Thompson, 2014). Everything possible was done, however, to reduce bias or error and ensure the internal and external validity of the experiment.

Sample and Respondents

Given the financial and logistical constraints, the present study made use of a convenience (non-probability) sampling approach to obtain responses.

An electronic online questionnaire was distributed to individuals and companies across South African organisations. Approximately 180 questionnaires were distributed, of which 161 questionnaires were returned. Of the 161 responses, 40 respondents were excluded from the analysis as more than 20% missing data was observed in their responses. A realised sample of $n=121$ was therefore achieved. This represents a response rate of 67% that is considered well-above the average for online questionnaires, which by most authors varies at about 7% (Schlechter *et al.*, 2014).

In terms of demographics, the ages of respondents varied between 22 and 73 years (Mean = 38.13, SD =11.23). With regards to gender, the sample consisted of 39 males (33%) and 77 females (66%). In terms of race, the sample consisted predominantly of White participants (64%). Table 3.1 (below) further summarises the number of participants per racial category.

The sample demographics, as found in the present study, are not reflective of the general South African population. However, given the impact of discriminatory labour practices in the past, the unbalanced demographics found here are reflective of South African knowledge workers.

Table 3.1

Participants per racial category

Racial Category	Frequency	Percent
Black	13	11%
Coloured	19	16%
White	75	64%
Asian/Indian	3	3%
Prefer not to answer	7	6%

Validity

Validity is important when evaluating the quality of research (McGivern, 2013). Validity refers to the ability of a research design and the method and the measures used, to produce clear, accurate, and unambiguous evidence to answer a research question (McGivern, 2013). Construct validity is further an indicator that determines whether the research measures what it aims to measure. There are two types of validity that need to be considered, namely internal and external validity.

Internal validity

Internal validity refers to "...the ability of the research to deliver credible evidence to address the research problem" (McGivern, 2013, p. 61). The research design ensures that the research has internal validity (McGivern, 2013). Experimental designs are advantageous in terms of having high internal validity, which is due to the ability to manipulate independent variables via treatments and observe the effect of a treatment (Bhattacharjee, 2012). Experimental designs can further, to some extent, control for the effects of extraneous variables by randomly assigning respondents to conditions. Although experimental designs are typically rigorous and have high internal validity, threats to internal validity may exist. Possible threats to internal validity could include: history, maturation, testing, regression, mortality and selection (McGivern, 2013).

In terms of the current research study, a possible threat to internal validity could have been the selection of participants (Thompson, 2014). If the selection process was not random, it could

have threatened the internal validity of the experiment (Thompson, 2014). Random assignment to experimental conditions accounted for the threat to internal validity and reduces systematic bias (Thompson, 2014).

A convenience sampling approach could yield an inadequate representation of a target population. Due to financial and logistical constraints, a convenience sampling approach was used for purposes of the research study. This is considered a limitation of the study.

A further threat to internal validity could have been a history threat (Hung, 2014). Respondents that have been exposed to various total reward packages and employer brands, could have influenced the perceived attractiveness of the manipulated variables (Hung, 2014). For example, participants currently exposed to remuneration well-above the industry norm, may not perceive a job advertisement offering remuneration well-above the industry norm as particularly attractive.

Finally, the current research study collected cross sectional data, in other words responses were obtained at a given point in time, using the same measuring instruments. It can also be described as having collected data *ex post facto*.

Considering the research design chosen for the present study, the methods and approaches employed and the manner in which it was implemented, the study was considered to arguably possess satisfactory and even high internal validity.

External validity

If research has external validity, it means "...that we can generalise from the research conducted among the sample (or in the specific setting) to a wider population" (McGivern, 2013, p. 61). The ability to "...generalise from the research findings is a key aim in almost all research inquiries and must be considered at the research design stage as well as at the sample design stage" (McGivern, 2013, p. 61).

The research study resembled a real-life scenario, which was beneficial as it allows one to infer that the results to some extent could be generalised from the sample to the population (Hung, 2014).

A threat to external validity was the sample selection, which was derived from a non-probability convenience sample. Non-probability convenience sampling is not representative of the wider population (Hung, 2014). As such, external validity would be a limitation of the study.

Possible threats to external validity could further have been the Hawthorne effect. The Hawthorne effect may have influenced the external validity of the research study. For example, if participants were aware of the experimental conditions, they may have established a more inflated response to the job advertisements, than would normally be reported (Thompson, 2014). The Hawthorne effect could therefore have had an impact on the generalisability of the research.

Considering the research design chosen for the present study, the methods and approaches employed and the manner in which it was implemented, the study was considered to arguably possess satisfactory external validity.

Materials

Full-factorial experiment

Four fictitious job advertisements were designed for a job position. The level of remuneration and employer brand were manipulated according to the design matrix illustrated in Table 3.2 (below). In terms of remuneration, 1 represents the presence of remuneration well-above the industry norm, while 0 represents remuneration well-above the industry norm not present. In terms of employer brand, 1 represents a reputable/desirable employer brand present, while 0 represents a reputable/desirable employer brand not present.

The sample size required for a Factorial Experimental design is a minimum of 20 participants per condition. Given that a 2x2 or 2² experimental design was conducted, a minimum of 80 participants was required. The realised sample (n=121) was, based on the guideline above, deemed satisfactory to conduct an analysis of the data.

Table 3.2

A 2² Design indicating the four Experimental Groups

Conditions	X ₁ Remuneration	X ₂ Employer Brand
1	0	1
2	1	1
3	0	0
4	1	0

1 = present and 0 = not present

Job advertisements for a fictitious position were chosen as they do not only improve external validity, but also represent a real-life scenario. Job advertisements are generally designed to attract prospective applicants as they contain valuable information applicants consider when deciding on the attractiveness of a job or position on offer (Hung, 2014).

Four different job advertisements were designed, each a stimulus to assess the effect of the chosen variables on job attractiveness. Figure 3.1 (below) is an example of the job advertisement that represented a reputable/desirable employer brand not being present, as well as remuneration well-above the industry norm not being present (i.e. Condition 3). Figure 3.2, however, is an example of a job advertisement that represented the presence of a reputable/desirable employer brand and remuneration well-above the industry norm (i.e. Condition 2). Figure 3.1 (Condition 3) and Figure 3.2 (Condition 2) illustrate the so-called least attractive and most attractive job advertisements, respectively.

Respondents were further asked to estimate their expected salary for the job advertisement (stimulus condition) they were exposed to. The expected salary that participants estimated when exposed to a job advertisement was considered a measure of brand equity.

The four job advertisements were randomly assigned to respondents using Qualtrics software.

COMPANY XYZ

HUMAN RESOURCES GENERALIST (ONE POSITION)

Company XYZ invites applications for the position of **HR Generalist** within its head office.

We seek candidates that are able to and have experience of:

- Implementing organisational change initiatives successfully;
- Managing HR systems and work processes that drive performance;
- Implement remuneration policies and practices;
- Assist line-managers in achieving Employment Equity (EE) targets and ensure compliance with B-BBEE policies and practices; and
- Ensure that managers and teams are fully informed and aligned to relevant business and HR initiatives.

The successful candidate must possess the following qualification, skills and experience:

- An appropriate tertiary qualification – ideally, a postgraduate degree specialising in Human Resource Management;
- At least 5 years of generalist HR experience in a large corporate environment;
- Computer literacy – ideally a proficiency in MS Office products;
- Effective team management skills;
- Good communication and interpersonal skills; and
- The ability to effectively manage stakeholder relationships.

Remuneration:

A total salary package (i.e. cost of employment), benchmarked at the industry mean for this level of position will be offered to the successful candidate.

To apply:

Candidates that are interested and meet all the above requirements, should please forward a detailed CV and a one page letter motivating their application to XXXX.

Figure 3.1. Fictitious job advertisement (Condition 3)

COMPANY XYZ

HUMAN RESOURCES GENERALIST (ONE POSITION)

Company XYZ invites applications for the position of **HR Generalist** within its head office.

Founded in 1922, Company XYZ has maintained a long-standing and proud tradition of continuous innovation and development. Company XYZ is considered to be a leader in the industry and often the recipient of various industry awards. Excellent people management and corporate social responsibility initiatives are ingrained in the organisational culture and in recognition thereof, has been awarded a prestigious 2017 employer of choice award.

We seek candidates that are able to and have experience of:

- Implementing organisational change initiatives successfully;
- Managing HR systems and work processes that drive performance;
- Implement remuneration policies and practices;
- Assist line-managers in achieving Employment Equity (EE) targets and ensure compliance with B-BBEE policies and practices; and
- Ensure that managers and teams are fully informed and aligned to relevant business and HR initiatives.

The successful candidate must possess the following qualification, skills and experience:

- An appropriate tertiary qualification – ideally, a postgraduate degree specialising in Human Resource Management;
- At least 5 years of generalist HR experience in a large corporate environment;
- Computer literacy – ideally a proficiency in MS Office products;
- Effective team management skills;
- Good communication and interpersonal skills; and
- The ability to effectively manage stakeholder relationships.

Remuneration:

A total salary package (i.e. cost of employment), benchmarked at **well-above the industry mean** for this level of position will be offered to the successful candidate.

To apply:

Candidates that are interested and meet all the above requirements, should please forward a detailed CV and a one page letter motivating their application to XXXX.

Figure 3.2. Fictitious Job Advertisement (Condition 2)

As required when conducting experiments, a manipulation check was performed prior to using the job advertisements. The aim of a manipulation check is to determine if respondents are able to distinguish between the presence and non-presence of the manipulated variables, remuneration well-above the industry norm and the presence and non-presence of a reputable/desirable employer brand in this case.

The manipulation check consisted of qualitative questions. Questions included: “Would remuneration offered well-above the industry norm at a reputable/desirable employer brand be an attractive job?” and “When a reputable/desirable employer brand is not present, and

remuneration is well-above the industry norm, would the job offered be perceived as attractive?” The qualitative questions were followed by short sub-scale responded to on a five-point Likert-type scale. Respondents were asked to rate the attractiveness of the four different versions of the job advertisement. These responses were discussed with them after they had completed it.

The manipulation check indicated that the different versions of the job advertisement did result in the desired responses.

Employer Brand Survey

Respondents were further provided with a slide containing different well-known brand images. The brands represented included: Google, Nike, Camel, Mercedes-Benz, Coca-Cola, Apple, Johnnie Walker, McDonalds, Lacoste, Jaguar, Microsoft, Porsche, Woolworths, Coco Chanel, Gucci, Levis, Red Bull, Jägermeister and Shell. Figure 3.3 (below) illustrates the slide of the brands to which respondents were exposed.



Figure 3.3. Slide of brands

After being presented with the slide, respondents were asked various open-ended questions. Examples of these questions included: “Considering the brands illustrated above, which of them

would you consider your dream job?” and “Would you be willing to accept a remuneration discount to work at your dream job?”

Measuring Instruments

Job Attractiveness Scale

The sub-scale used to assess the perceived attractiveness of the job advertisements was the Highhouse, Lievens and Sinar’s (2003) Attraction Questionnaire (see Table 3.3 below). The sub-scale employs a 5- point Likert-type response scale where 1=Strongly Disagree and 5=Strongly Agree. The sub-scale consists of five items or statements that assesses job attractiveness.

The validity of the sub-scale were assessed for each item on the attraction scale by calculating a Standardised Parameter Estimate for the three-factor model and the factor loadings were all found to be $>.60$ and therefore considered to be satisfactory (Highhouse *et al.*, 2003; Thompson, 2014). Internal consistency was further assessed using Cronbach’s alpha. A satisfactory Cronbach’s alpha coefficient of $.88$ (i.e. $>.7$ as suggested by Babbie & Mouton, 1998) was reported (Highhouse *et al.*, 2003; Thompson, 2014). This scale was deemed valid and therefore appropriate to assess job attractiveness in the current study.

Table 3.3

Highhouse, Lievens and Sinar (2003) Attraction Survey Items and Scale

Question Item Statement

1	For me, this would be a good job.
2	I would not be interested in this job, except as a last resort.
3	This job is attractive to me for employment
4	I am interested in learning more about this job.
5	This job is very appealing to me.

In the present study, Babbie and Mouton's (1998) guidelines to qualitatively assess Cronbach's alpha coefficients were used, i.e. a Cronbach's alpha coefficient of $> .70$ is believed to indicate satisfactory reliability, while Cronbach's alpha coefficient of between $.6$ and $.7$ to be indicative of moderate reliability. A Cronbach's alpha coefficient of $< .6$ indicates poor or unsatisfactory reliability.

Summary of Research Procedure followed

Prior to the commencement of the research process, ethics approval was obtained from the Faculty of Commerce Ethics in Research Committee at the University of Cape Town.

Four different versions of a job advertisement, as discussed above, were created in Microsoft Word and imported to Qualtrics data collection software. Qualtrics was chosen for its capability to design and implement online electronic surveys and also able to implement randomisation.

In experimental research, random assignment is general practice to ensure that the treatment groups are similar and are not systematically different and so not to introduce any bias (Hung, 2014). Qualtrics software was used to randomly assign respondents to each experimental group and to ensure that each cell or group had a similar number of respondents. Random assignment

further improves the external validity of the research study, through ensuring that the effects of extraneous variables are non-systematic i.e. are randomly distributed.

Before distributing the job advertisement, a manipulation check was conducted to establish whether participants would reasonably be expected to understand the job advertisements and the manipulations in the manner that was intended.

The survey URL in the form of a hyperlink was embedded in the email and distributed across South Africa. A cover letter was included in the e-mail as well as in the questionnaire. The cover letter described the research in detail, provided instructions on how to complete the survey and informed respondents that participation is voluntary. Once an individual agreed to participate, each respondent received a randomly assigned job advertisement followed by a questionnaire to assess their level of job attractiveness. Thereafter, respondents were presented with a variety of employer brands (e.g. Google, Apple, Microsoft and Woolworths) and were asked a few open-ended questions. For example, a question asked was: “Considering what you would earn elsewhere, would you accept a remuneration discount to be employed at your dream job?” and “What would this remuneration discount per annum be?” Once a response was entered, it was automatically saved. Respondents were, however, able to return to responses, should they have felt the need to adjust their responses. The questionnaire was completed by the participant clicking on the submit button. If respondents did not click on the submit button, the survey was deemed incomplete and the data discarded.

Five R500 shopping mall vouchers were offered via a lucky draw as an incentive to increase the amount of responses. No compulsory questions were included in the questionnaire and participants were given an option of “*Prefer not to answer*” in the case of potentially sensitive questions. To ensure confidentiality, items relating to the identity of the individual or organisation were excluded from the survey. Respondents were provided with the option of providing their telephone number or email address should they have wished to be entered in the lucky draw or receive feedback on research results. To further ensure confidentiality, the telephone numbers and email addresses of respondents were saved in a private location, and used

for the purposes of the lucky draw or feedback of results only. Data collection was conducted over a period of 1 month and no reminders were sent during this period.

Statistical Analysis

The nature of the data was assessed using descriptive analysis, while a Full-factorial Analysis of Variance (ANOVA) was conducted to assess the effect of remuneration well-above the industry norm and a reputable/desirable employer brand on perceived job attractiveness. All statistical analysis in this research study, including factor analysis, reliability analysis and ANOVA were conducted using Statistical Package for Social Scientists (SPSS) for Mac, release 21.

CHAPTER 4

RESULTS

The purpose of this chapter is to present the statistical results obtained from the various data analyses performed on the data that was collected.

Unidimensionality

The unidimensionality of the job attractiveness sub-scale was assessed by means of Principle Component Analysis (PCA) and calculating Cronbach's alpha coefficient.

Validity

Principle Component Analysis (PCA) was used to assess the unidimensionality of the job attractiveness scale. A rotational method was not considered for the current study, as it is a unidimensional scale with job attractiveness as the only factor (Thompson, 2014). The purpose of PCA is to assimilate information regarding the interrelationships among a set of variables and to evaluate the suitability of the data for analysis (Pallant, 2005).

Bartlett's test of Sphericity and the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was conducted to determine the suitability of the data for factor analysis. According to Pallant (2005) KMO should be greater or equal to .6 and Bartlett's test of Sphericity should be statistically significant ($p < .05$) for factor analysis to be appropriate. In the present study, KMO was deemed satisfactory (KMO=.896 i.e. >0.6) and Bartlett's test of Sphericity was significant ($X^2_{10} = 522.457, p < .001$). It was, therefore, deemed appropriate to proceed with PCA.

In terms of selecting meaningful factors it is suggested that Kaiser's rule be considered, which is to select components with Eigenvalues of greater than 1. Eigenvalues of greater than 1 are selected as they explain more variance than an individual item in the data set and indicate meaningful and interpretable factors (Burns & Burns, 2008). PCA revealed that only one factor had an Eigenvalue greater than 1 (Eigenvalue = 3.997) and the factor accounted for 79.9% of the variance. Considering the scree plot (see Figure 4.1 below), using Catell's scree test, further suggested that only one factor was present.

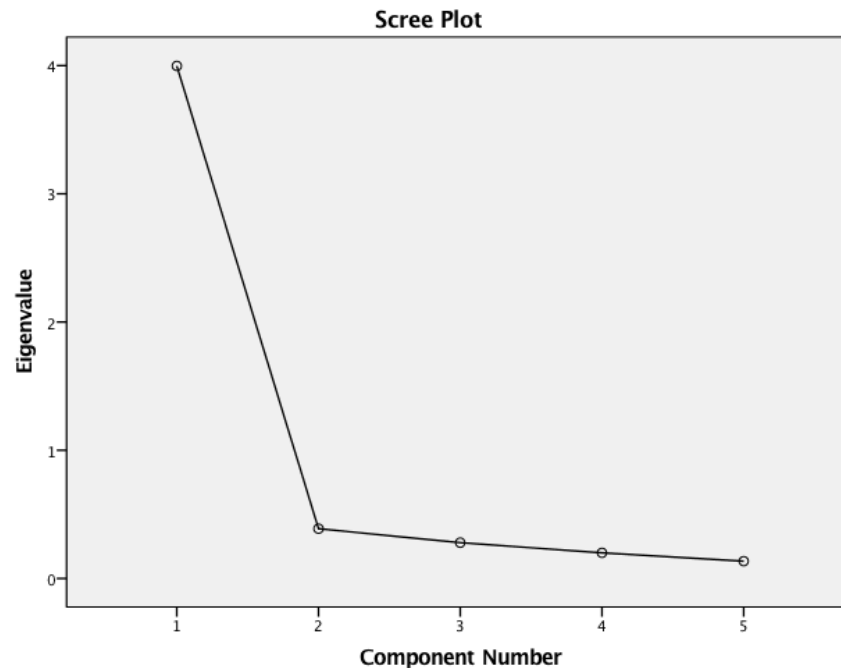


Figure 4.1. Scree plot illustrating the eigenvalues of the five factors

According to Burns and Burns (2008) factor loadings of less than .30 are considered insignificant and suppressed when evaluating a component matrix. The five items of the job attractiveness scale loaded adequately (i.e. all $>.30$) on one component with adequate factor loadings ($.835 < r < .935$).

Reliability

The internal consistency of the job attractiveness scale was assessed by calculating the Cronbach Alpha coefficient. Cronbach Alpha coefficients of greater than .7 are considered satisfactory, while coefficients of less than .6 are considered poor (Babbie & Mouton, 1998).

The job attractiveness sub-scale revealed satisfactory reliability (Cronbach's $\alpha = .936$; i.e. $>.7$). It is further suggested that items with a corrected item-total correlation of less than .30 should be deleted (Burns & Burns, 2008). No items were deleted, as all five items indicated a corrected item-total correlation of greater than .30 (corrected item-total correlations: $.752 < r < .891$). The results of the SPSS item-analysis procedure are summarised in table 4. 1. Deleting items would

not improve the Cronbach's Alpha and all five items were therefore retained. The job attractiveness scale was therefore deemed reliable.

Table 4.1

Item-Total Statistics

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Attract_1	12.8843	16.553	.819	.924
Attract_2	12.8595	17.355	.752	.936
Attract_3	12.9752	16.108	.891	.910
Attract_4	12.8430	16.667	.818	.924
Attract_5	13.0992	16.940	.875	.914

The job attractiveness sub-scale, based on the basket of evidence presented above, was considered to be unidimensional and the data derived from it appropriate for use in further analyses.

Descriptive Statistics

Descriptive statistics were calculated to provide a numerical comparison of the job attractiveness scores.

Job Attractiveness: Overall Sample

Table 4.2 (below) provides a summary of the descriptive statistics for the data obtained with the job attractiveness scale from the sample ($n = 121$). The items were responded to on a five-point Likert-type response scale with five indicating the maximum score and one indicating the minimum score.

The overall mean score for job attractiveness ($M = 3.233$, $SD=1.01$, $n=121$) was slightly lower than the median (median=3.6), however, indicating in general that the job advertisements were perceived as slightly more attractive and just over the mid-point of the response scale. The data

was negatively skewed (skewness = $-.404$). The Kurtosis value (kurtosis = $-.959$) indicates that the data was distributed lower and flatter.

Table 4.2

Descriptive Statistics of the overall Perceived Job Attractiveness

Statistics		
Y_Attract		
N	Valid	121
	Missing	0
Mean		3.2331
Median		3.6000
Std. Deviation		1.01435
Skewness		$-.404$
Std. Error of Skewness		.220
Kurtosis		$-.959$
Std. Error of Kurtosis		.437
Minimum		1.00
Maximum		5.00
Percentiles	25	2.2000
	75	4.0000

Job Attractiveness by Remuneration Level

Table 4.3 (below) summarises the job attractiveness scores when remuneration well-above the industry norm was present and not present. When remuneration well-above the industry norm was not present, the mean job attractiveness score ($M = 3.06$, $SD = 1.08$) was numerically lower than when remuneration well-above the industry norm was present ($M = 3.41$, $SD = .92$). The data therefore suggests a higher level of job attractiveness when remuneration well-above the industry norm is present.

Figure 4.2, Figure 4.3 and Figure 4.4 summarises the Descriptive Statistics for the Job Attractiveness scores when remuneration well-above the industry norm was present or not. The results are further graphically represented using histograms that show the distribution of scores for these conditions, as well as a box-and-whisker plots.

Table 4.3

Descriptive Statistics of Remuneration

Descriptives					
Remuneration well above industry norm			Statistic	Std. Error	
Y_Attract	Not Present	Mean	3.0567	.13966	
		95% Confidence Interval for Mean	Lower Bound	2.7772	
			Upper Bound	3.3361	
		5% Trimmed Mean	3.0630		
		Median	3.1000		
		Variance	1.170		
		Std. Deviation	1.08180		
		Minimum	1.00		
		Maximum	5.00		
		Range	4.00		
		Interquartile Range	2.00		
		Skewness	-.149	.309	
		Kurtosis	-1.087	.608	
		Present	Mean	3.4066	.11772
	95% Confidence Interval for Mean		Lower Bound	3.1711	
			Upper Bound	3.6420	
	5% Trimmed Mean		3.4259		
	Median		3.8000		
	Variance		.845		
	Std. Deviation		.91940		
Minimum	1.20				
Maximum	5.00				
Range	3.80				
Interquartile Range	1.60				
Skewness	-.641	.306			
Kurtosis	-.709	.604			

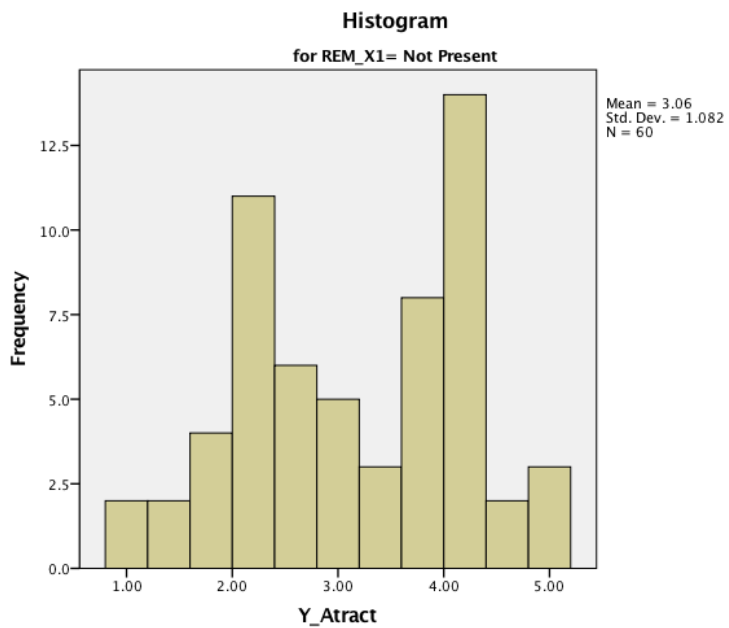


Figure 4.2. Histogram of remuneration well-above the industry norm not present

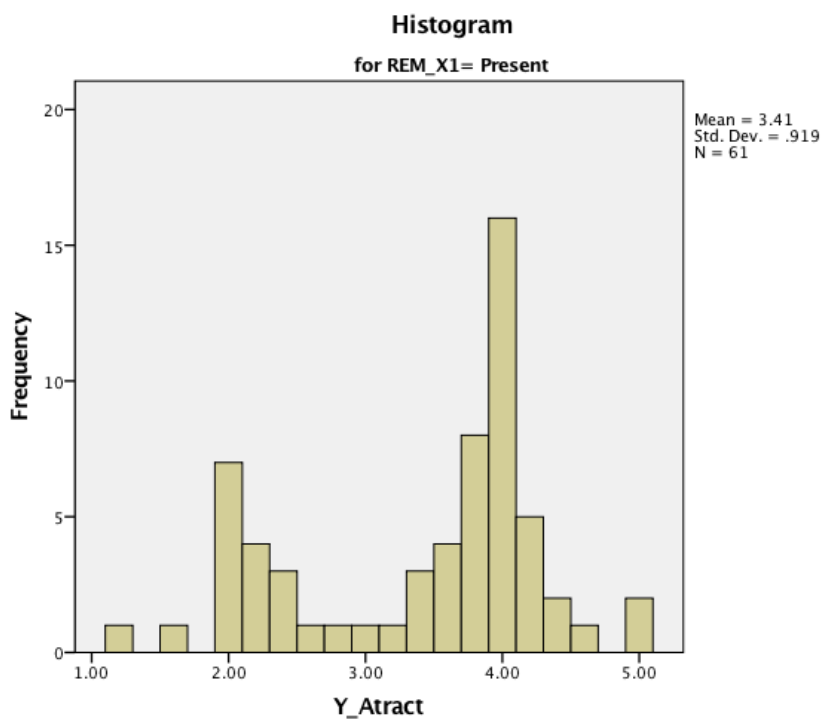


Figure 4.3. Histogram of remuneration well-above the industry norm present

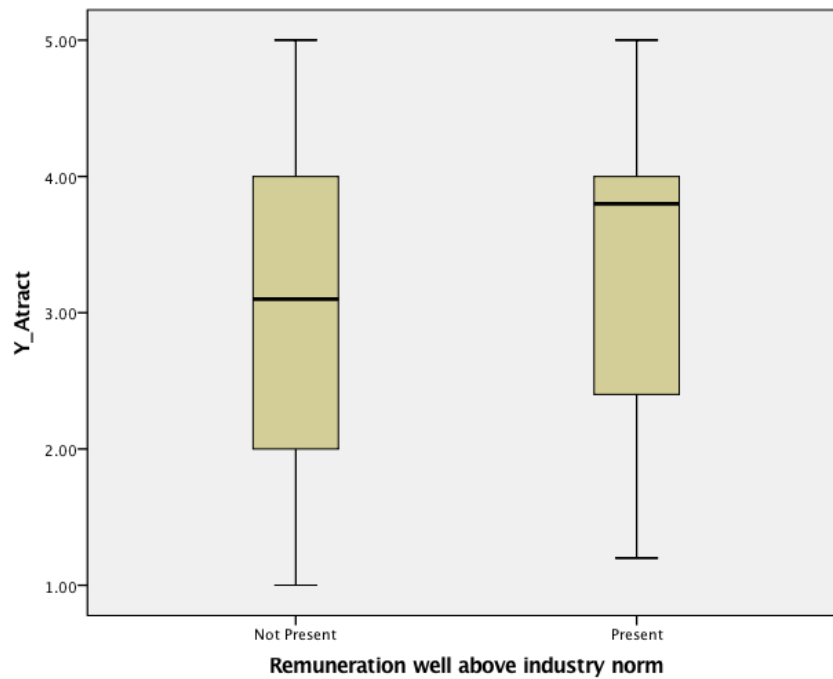


Figure 4.4. Boxplot of remuneration well-above the industry norm and attractiveness

Job Attractiveness: Employer Brand

When a reputable/desirable employer brand was not present, the Mean score for Job Attractiveness ($M = 3.05$, $SD = 1.01$) was numerically lower than when a reputable/desirable employer brand was present in the job advertisement ($M = 3.40$, $SD = .99$).

The results obtained from the data would therefore seem to indicate that higher levels of job attractiveness are found when a reputable/desirable employer brand is present. Figure 4.5, Figure 4.6 and Figure 4.7 summarises the Descriptive Statistics for the Job Attractiveness scores when a reputable/desirable employer brand was present or not. The results were further summarised and graphically represented using histograms that show the distribution of scores for these two conditions, as well as a box-and-whisker plot.

Table 4.4

Descriptive Statistics of Employer Brand

Descriptives					
Reputable/desirable employer brand			Statistic	Std. Error	
Y_Attract	Not Present	Mean		3.0517	.13296
		95% Confidence Interval for Mean	Lower Bound	2.7855	
			Upper Bound	3.3180	
		5% Trimmed Mean		3.0467	
		Median		3.3000	
		Variance		1.025	
		Std. Deviation		1.01259	
		Minimum		1.00	
		Maximum		5.00	
		Range		4.00	
		Interquartile Range		1.80	
		Skewness		-.108	.314
		Kurtosis		-1.035	.618
	Present	Mean		3.4000	.12534
		95% Confidence Interval for Mean	Lower Bound	3.1495	
			Upper Bound	3.6505	
		5% Trimmed Mean		3.4429	
		Median		4.0000	
		Variance		.990	
		Std. Deviation		.99483	
		Minimum		1.00	
		Maximum		5.00	
		Range		4.00	
Interquartile Range		1.40			
Skewness		-.720	.302		
Kurtosis		-.556	.595		

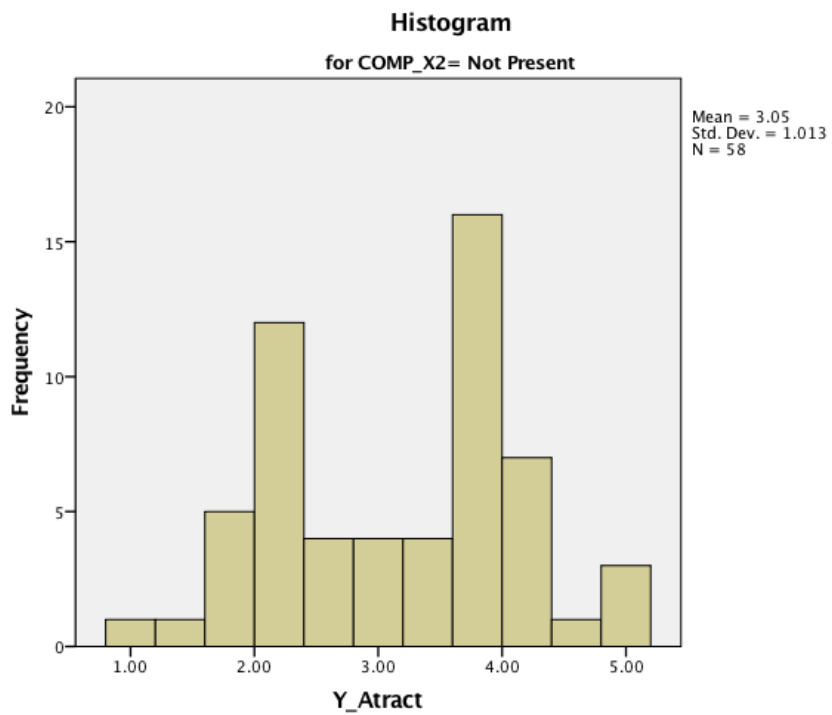


Figure 4.5. Histogram of reputable/desirable employer brand not present

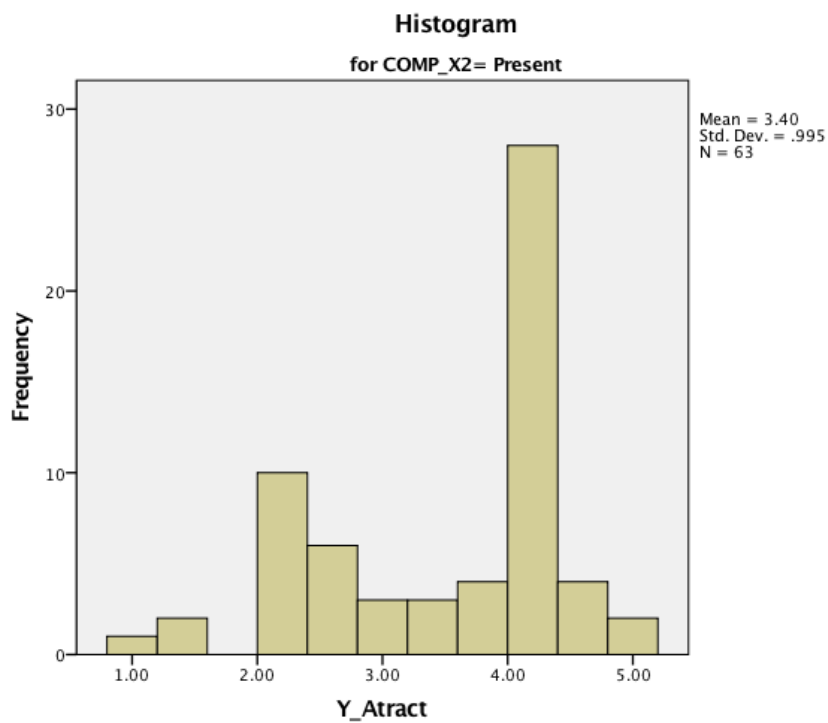


Figure 4.6. Histogram of reputable/desirable employer brand present

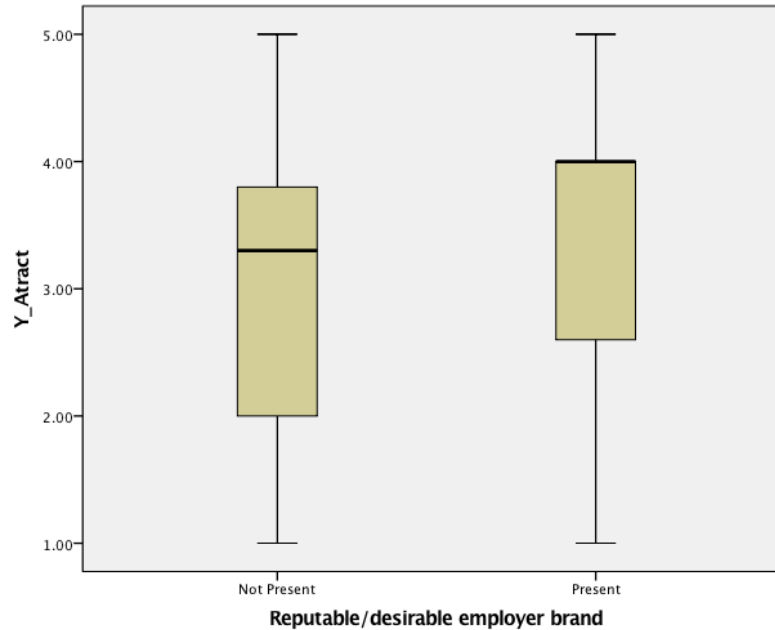


Figure 4.7. Boxplot of reputable/desirable employer brand and attractiveness

Influence of Remuneration and Employer Brand on Job Attractiveness

Full-Factorial Analysis of Variance

A two-way Full-Factorial Analyses of Variance (ANOVA) was conducted to determine the effect of remuneration and employer brand on job attractiveness. This technique was considered suitable as it examines the individual and combined effect of the independent variables (i.e. remuneration well-above the industry norm and reputable/desirable employer brand) on one dependent variable (job attractiveness). It is argued that each experimental condition should have at least 20 respondents per cell to conduct a factorial ANOVA. As can be seen in Table 4.5 below, each experimental condition had the sufficient number of respondents to conduct a full-factorial ANOVA (i.e. all cells > 20 respondents).

Table 4.5

Respondents per experimental condition

Condition	n
1	30
2	33
3	30
4	28

Levene's Test for Homogeneity of variance was used to determine if it would be suitable to conduct ANOVA analysis on the data obtained. Levene's Test was not found to be significant ($F_{3, 117} = .75, p = .522$), which indicated that the homogeneity of variance assumption for ANOVA was supported. This result suggested that it was appropriate to conduct the ANOVA.

The results of the ANOVA are illustrated in table 4.6 below.

Table 4.6

Results of ANOVA

Tests of Between-Subjects Effects

Dependent Variable: Y_Atract

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^b
Corrected Model	8.179 ^a	3	2.726	2.767	.045	.066	8.300	.656
Intercept	1257.030	1	1257.030	1275.682	.000	.916	1275.682	1.000
REM_X1	3.567	1	3.567	3.620	.050	.031	3.620	.471
COMP_X2	3.392	1	3.392	3.442	.046	.030	3.442	.452
REM_X1 * COMP_X2	1.103	1	1.103	1.119	.292	.009	1.119	.183
Error	115.289	117	.985					
Total	1388.240	121						
Corrected Total	123.468	120						

a. R Squared = .066 (Adjusted R Squared = .042)

b. Computed using alpha = .05

Statistically significant main effects were found for remuneration well-above the industry norm and a reputable/desirable employer brand both being present ($p < .05$). Although statistically

significant main effects were found for both variables, no statistically significant interaction effect ($p > .05$) was found.

Figure 4.8 (below) depicts the graphed lines. They are parallel and do not intersect, indicating no interaction effect between remuneration well-above the industry norm and a reputable/desirable employer brand.

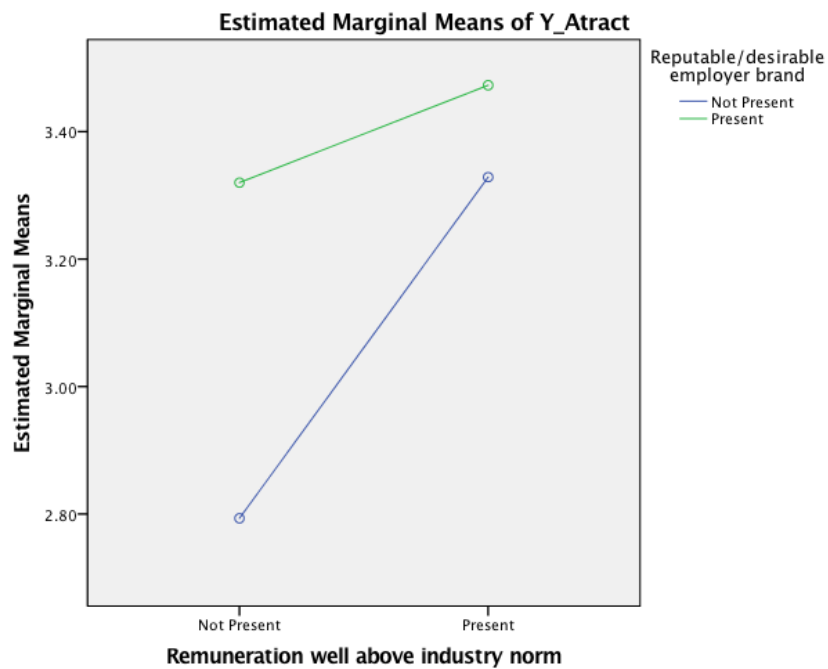


Figure 4.8. Interaction between remuneration and employer brand

The descriptive statistics for Job Attractiveness for each of the four conditions are summarised in the two tables below (see Table 4.7 and Table 4.8 below). The conditions are identified in the first table and referred to in the second.

Table 4.7

Experimental Conditions and Job Attractiveness

	Remuneration (X ₁)	Brand (X ₂)	Job Attractiveness (Y)
Condition 1	0	1	<i>M</i> = 3.3 <i>SD</i> = 1.04 n = 30
Condition 2	1	1	<i>M</i> = 3.5 <i>SD</i> = 0.96 n = 33
Condition 3	0	0	<i>M</i> = 2.8 <i>SD</i> = 1.07 n = 30
Condition 4	1	0	<i>M</i> = 3.3 <i>SD</i> = 0.88 n = 28

1 = present and 0 = not present

Table 4.8

Descriptive Statistics Summary: Experimental Conditions and Job Attractiveness

Descriptives								
Y_Attract					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
1.00	30	3.3200	1.04069	.19000	2.9314	3.7086	1.00	5.00
2.00	33	3.4727	.96153	.16738	3.1318	3.8137	1.20	5.00
3.00	30	2.7933	1.07445	.19617	2.3921	3.1945	1.00	5.00
4.00	28	3.3286	.87807	.16594	2.9881	3.6691	1.60	5.00
Total	121	3.2331	1.01435	.09221	3.0505	3.4156	1.00	5.00

The Descriptive Statistics indicate numerical differences in mean scores for the different conditions. The box and whisker plot below (Figure 4.9 below) graphically represents the means and distribution of scores for the four experimental conditions.

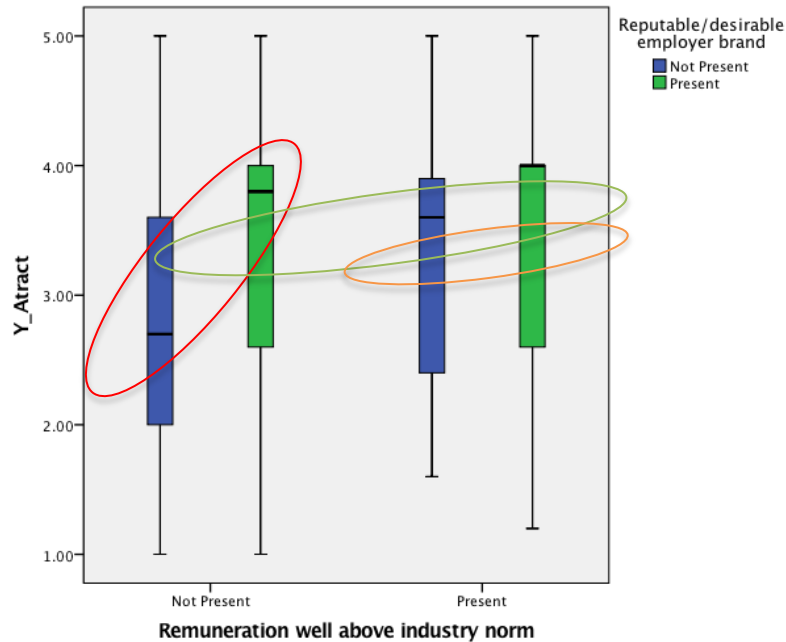


Figure 4.9. Boxplot of the interaction between remuneration and employer brand

In Figure 4.9 above, the red circle highlights the result found that even in the absence of remuneration well-above the industry norm, a reputable/desirable employer brand has a positive effect on job attractiveness.

Figure 4.9 (as indicated by the green circle) further indicates that perceived job attractiveness of a reputable/desirable employer brand yielded a similar job attractiveness score, regardless of remuneration well-above the industry norm being present or not. Therefore, it is suggested that organisations when a reputable/desirable employer brand is present, the level of remuneration is less important. This suggests that a job may remain attractive, even at a remuneration discount. In other words, organisations with reputable/desirable employer brands may be able to be seen as attractive places to work, while offering less money in terms of remuneration.

Figure 4.9 (as indicated by the orange circle) suggests that remuneration well-above the industry norm can mitigate the absence of a reputable/desirable employer brand. This is a well-known fact, in other words that it requires a premium salary offering to attract scarce human capital to organisations that are not popular or desirable to work for.

The results seem to indicate that organisations should rather develop reputable/desirable brands and in doing so have the potential to save money and that represents a remuneration discount for organisations.

Furthermore, respondents were asked to estimate their expected salary for the job advertisement they were exposed to. The results are summarised in Table 4.9 and Figure 4.10 (below).

Table 4.9

Summary of Expected Salary

	Remuneration	Brand	Expected salary (per annum)
Condition 1	0	1	<i>M</i> =R550,833
Condition 2	1	1	<i>M</i> =R467,407
Condition 3	0	0	<i>M</i> =R499,200
Condition 4	1	0	<i>M</i> =R455,840

1 = present and 0 = not present

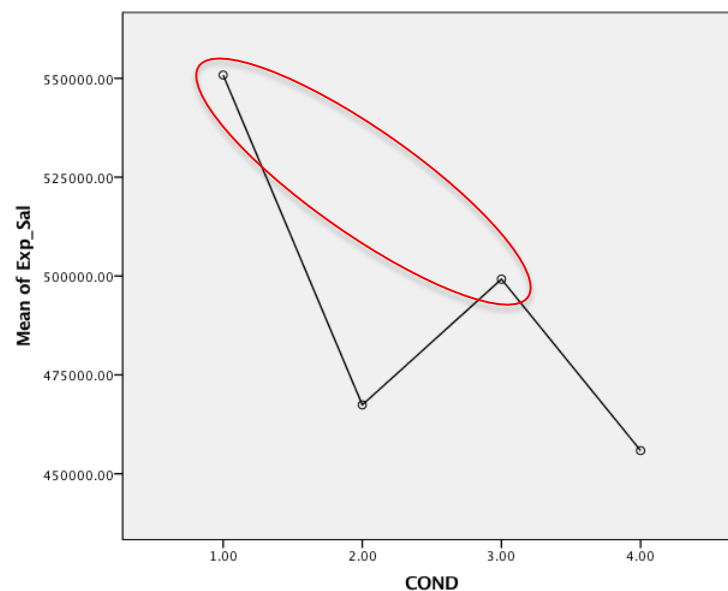


Figure 4.10. Means plot of expected salary

Without offering remuneration well-above the industry norm, a difference in expected salary for Condition 1 ($M=R550,833$) and Condition 3 ($M=R499,200$), the presence of a reputable/desirable employer brand and not, respectively was found. Similarly, when offering remuneration well-above the industry norm, a difference in expected salary for Condition 2 ($M=R467,407$) and Condition 4 ($M=R455,840$), the presence of a reputable/desirable employer brand and not, respectively was found.

The difference in expected salary between Condition 1 and Condition 3 ($=R51,633$) when in both instances remuneration well-above the industry norm was not present, and the difference in expected salary between Condition 2 and Condition 4 ($=R11,567$) when in both instances remuneration well-above the industry norm was not present.

This increase in perceived remuneration was considered, even in the absence of a recognisable brand, as a measure of brand equity. It is noted that if remuneration well-above the industry norm is offered, a desirable brand generates some brand equity. However, when remuneration well-above the industry norm is not offered (i.e. lower levels of remuneration), a desirable brand offers a sizeable quantum of brand equity. These results, albeit in the opposite direction of brand equity were believed to further support the notion of the inverse i.e. a remuneration discount for a desirable brand.

Dream Job Analytics

As mentioned in Chapter 3, respondents were provided with a slide containing different well-known brand images. Respondents were asked to indicate the brand they would consider their dream job, as well as the reason why this brand would be considered their dream job. Respondents were further asked if they would accept a remuneration discount to be employed at their dream job.

As can be seen in Figure 4.11 (below) Google was most frequently chosen as the dream job, followed by Apple, Woolworths, Mercedes-Benz and Coca-Cola (respectively).

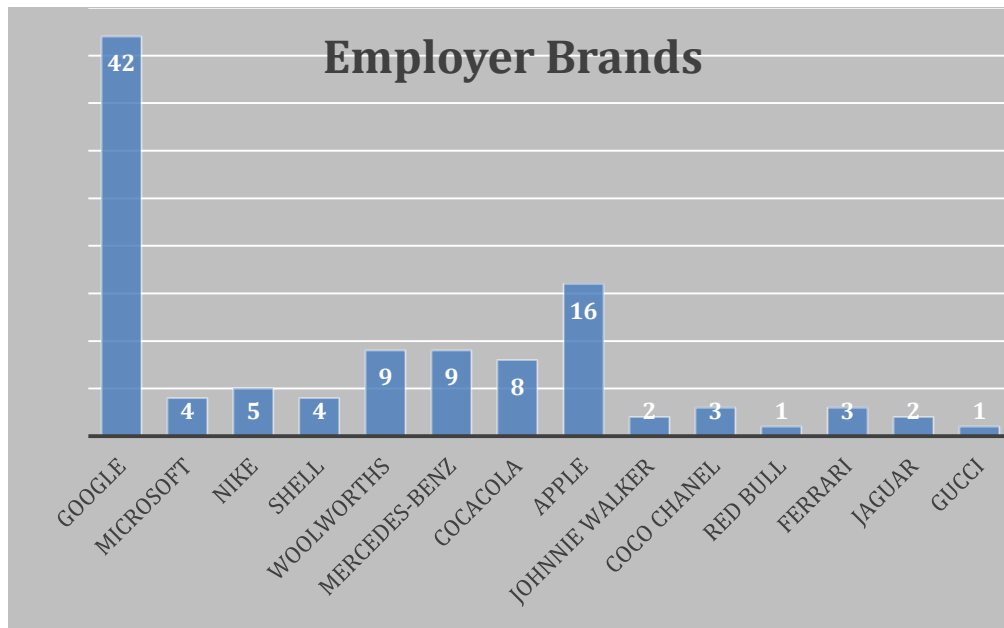


Figure 4.11. Frequency of the choice of a brand as a dream job (n=109)

The cited reasons for selecting their dream job brand is summarised in Table 4.10 (below).

Table 4.10

Reason provided for employer brand as dream job

Company	Reasons provided
Google	Innovation Prioritise employee wellbeing Work-Life balance Fun working environment Non-traditional business practices Internationally recognised Company culture Staff orientated Well-recognised brand
Apple	Innovation Prioritise employee wellbeing Well-recognised brand Sustainability Opportunities for growth Autonomy
Mercedes-Benz	Associated with quality products International opportunities Recognised for ethical business practices Well-recognised brand Prioritise employee wellbeing Innovation
Woolworths	Innovation Associated with quality products Recognised for ethical business practices Prioritise employee wellbeing Corporate governance initiatives Company culture
Coca-Cola	Company culture Innovation Sustainability Autonomy Reputable

There were a variety of reasons offered for seeking employment at their dream job. The two major themes, which are highlighted above, were innovation and a company that prioritises employee well-being.

When asked the remuneration discount question directly, 75% of respondents indicated that they would be willing to accept a remuneration discount to be employed at their dream job.

CHAPTER 5

DISCUSSION

The discussion below will outline the results of the study, the limitations of the research study and suggestions for future research, as well as the theoretical contribution, practical contribution and managerial implications of the present research study.

Introduction

The attraction of skilled employees is a challenging, but essential organisational imperative in securing a competitive advantage and ensuring sustainability in volatile global labour markets. This is especially true in the current economic climate, characterised by globalisation and technological innovation as organisations are realising the importance of attracting talented employees to assist in maintaining the profitability of the organisation (Pregolato *et al.*, 2017).

The level of remuneration offered to prospective employees has arguably been one of the most important means by which organisations attract talented employees and so cultivate and maintain a competitive advantage. Changes in the global economy and scarcity of financial resources has, however, meant that organisations need to consider alternative non-financial strategies when they attempt to attract, motivate and retain employees. Developing a reputable/desirable employer brand has been considered one such a strategy.

Although it is well established that remuneration well-above the industry norm is associated with higher levels of perceived job attractiveness, no study could be found that investigated the causal effect of a reputable/desirable employer brand and remuneration well-above the industry norm on perceived job attractiveness.

In the present study, the claim that an organisation with a reputable/desirable employer brand could offer a lower level of salary (i.e. at a remuneration discount) and still achieve similar levels of perceived job attractiveness to organisations that offer salaries way above the norm, was

investigated. This claim was empirically investigated by means of a 2x2 or 2² full-factorial experiment.

Four job advertisements were created to act as a stimulus in each of the four conditions. The two (independent) variables were manipulated to determine their effect on perceived job attractiveness (dependent variable), as well as to see if any interaction effects between the two variables were present. After being exposed to one of the stimuli (i.e. one of the job advertisements), respondents were asked to answer a short sub-scale designed to measure the perceived job attractiveness of the job offering they were presented with. They were also asked to indicate the salary they would expect to be associated with the position on offer.

The research question was further investigated by presenting respondents with a slide containing well-known brand images. Respondents indicated their dream job in terms of these brands, as well as being asked whether they would be willing to accept a job offer at their dream job, at a lower salary.

Remuneration and Job Attractiveness

The results of the present study revealed that remuneration well-above the industry norm had a positive impact on perceived job attractiveness, in other words it is suggested that high levels of remuneration causally lead to higher levels of perceived job attractiveness. This result corroborates the findings of Schlechter *et al.* (2014) that remuneration has the greatest main effect on job attractiveness, when compared to employee benefits and variable pay. Smit *et al.* (2015) and Pregnolato *et al.* (2017) also similarly found that remuneration is the total reward element most important when attracting talented employees. Gilman (2009) further found that job applicants often compare the remuneration levels of various organisations and are most likely to have higher levels of job attractiveness when an organisation offers the highest level of remuneration.

A possible explanation for this finding is the symbolic component associated with remuneration. The symbolic component is deemed an important factor in evaluating job attractiveness, as the level of remuneration is often associated with the potential applicant's assessment of the job

(Schlechter *et al.*, 2014). The level of remuneration further determines the individuals level of purchasing power and satisfies certain human needs, such as recognition, achievement and status (Cable & Judge, 1994). Additionally, in times of economic uncertainty, the availability of financial resources (i.e. money) often decreases and organisations may have trouble affording remuneration increases (Coetzee & Schreuder, 2012). Given the past economic recession, employees may therefore attach greater value to remuneration.

Employer Brand and Job Attractiveness

Findings of the present research study showed that the presence of a reputable/desirable employer brand causally led to higher levels of perceived job attractiveness. These findings are supported by the Annual South African HR Recruitment Trends Report (2016), which found that 76% of organisations described their employer brand as having the most important impact on perceived job attractiveness. The EY Sub-Saharan Africa talent trends and practices survey (2014) also reported that a reputable/desirable employer brand was considered the most significant factor in attracting talented employees. Furthermore, Minchington (2010) provides evidence for a relationship between a reputable/desirable employer brand and perceived job attractiveness, while Backhaus and Tikoo (2004) developed an employer branding framework that explains the relationship between the employer brand and perceived job attractiveness. It was even suggested that a reputable/desirable employer brand will remain attractive, at a remuneration discount (Sokro, 2012; Wallace *et al.*, 2014; Berthon *et al.*, 2005). It is thought that employees would accept a remuneration discount to be employed at a reputable/desirable employer brand, because of beneficial future career prospects and an increased sense of self-esteem (Wallace *et al.*, 2014).

Although limited research is available regarding the causal link between a desirable employer brand and higher levels of perceived job attractiveness, a possible explanation for the relationship may be the prospective employee's employer brand associations. Employer brand associations could reflect the applicant's perceptions of the employer brand (Kucherov & Samokish, 2016). Consequently, employer brand associations affect perceived job attractiveness, as individuals reflect on the employer brand's ability to satisfy their needs (Collins & Kanar, 2013). It is further argued that the employer brand image influences perceived job attractiveness

(Chhabra & Sharma, 2014). The social identity theory provides support for the link between the employer brand image and job attractiveness (Backhaus & Tikoo, 2004). The social identity theory suggests that when potential employees acknowledge the positive aspects of an employer image, they are more likely to identify with the employer brand, and therefore, seek membership with such an organisation (Backhaus & Tikoo, 2004).

The Effect of Remuneration and Employer Brand on Job Attractiveness

The findings of the present research study indicate that a reputable/desirable employer brand has a positive effect on perceived job attractiveness, regardless of the remuneration level offered. Furthermore, findings revealed that reputable/desirable employer brands would yield similar levels of perceived job attractiveness, irrespective of remuneration well-above the industry norm being present or not. In other words, the findings suggest that organisations with reputable/desirable remain attractive, even at a remuneration discount (i.e. offering less money in terms of salary).

Given the changes in the global economy and the resulting scarcity of financial resources, the findings mentioned above provide organisations with a strategy to decrease the salary bill (i.e. through a remuneration discount), while remaining attractive to prospective employees. It is therefore argued that organisations should develop reputable/desirable employer brands, as a means to save money. The findings of the present study corroborate with findings of Chhabra and Sharma (2014) who suggested that a reputable/desirable employer brand will reduce recruitment costs as well as the cost per applicant. Sokro (2012), Wallace *et al.* (2014), and Berthon *et al.* (2005) further support the findings of the present research study, suggesting that a reputable/desirable employer brand will remain attractive to a talented employee, even at a remuneration discount.

Consequently, it is argued that in the same way a positive association with a brand leads customers to exhibit a preference for a brand, when products are basically identical, and be prepared to pay a premium price, that a reputable/desirable employer brand will remain attractive to employees, even at a remuneration discount (Jooste *et al.*, 2012; Backhaus & Tikoo, 2004).

Although a reputable/desirable employer brand can contribute to a potential remuneration discount, the findings of the present research study also suggest that remuneration well-above the industry norm can alleviate the absence of a reputable/desirable employer brand. In such a scenario, organisations that are not considered desirable to work for (i.e. unpopular organisation) could offer a superior salary in order to attract talented employees. This however is a well-known fact. The study conducted by Mitchell and Mickel (as cited by Schlechter *et al.*, 2014), highlights individuals' subjective perception of remuneration, where individuals may prefer a premium salary offering compared to a reputable/desirable employer brand, as a superior salary may satisfy their need for purchasing power and ability to gain access to certain resources.

Furthermore, in terms of respondents expected salary when exposed to one of the job advertisements (i.e. stimulus condition), the difference in expected salary between Condition 1 (remuneration well-above the industry norm not present and reputable/desirable employer brand present) and Condition 3 (remuneration well-above the industry norm not present and reputable/desirable employer brand not present) equals R51,633. The difference in expected salary between Condition 2 (remuneration well-above the industry norm present and reputable/desirable employer brand present) and Condition 4 (remuneration well-above the industry norm present and reputable/desirable employer brand not present) equals R11,567.

The findings suggest that when remuneration well-above the industry norm is present, that a reputable/desirable employer brand generates some brand equity. However, when remuneration well-above the industry norm is not present, a reputable/desirable generates a sizable quantum of brand equity. It is argued that these results support the notion of the inverse, meaning a remuneration discount for a reputable/desirable employer brand. In other words, in the same way consumers are willing to pay a premium price for a branded product, compared to a similar product without a brand, it is suggested that employees would potentially accept a remuneration discount to work at a reputable/desirable employer brand (Jiang & Iles, 2011). In this case, a reputable/desirable employer brand will have employer brand equity.

The value and importance of establishing employer brand equity (as a means to reduce the salary bill, i.e. remuneration discount) was emphasised in the results of the global survey conducted by

Deloitte LLP, where 72% of organisations acknowledged increased investment in developing and enhancing their employer brand (Botha, *et al.*, 2011). Similarly, Employer Brand International's (EBI) 2012/2013 Global Research study found that 69% of organisations were willing to increase their investment in initiatives related to their organisation's employer brand (Tanwar & Prasad, 2016).

Dream Job Analytics

When asked the question directly, 75% of respondents indicated that they would be willing to accept a remuneration discount to be employed at their dream job. This finding is consistent with Berthon *et al.* (2005), Wallace *et al.* (2014) and Sokro (2012), who suggested that a reputable/desirable employer brand, could attract talented employees, even at a remuneration discount.

In terms of the well-known brands presented to respondents, the highest proportion of respondents indicated Google to be their dream job. The most frequent reasons provided by respondents, included work-life balance, innovation, an internationally recognised organisation, favourable company culture and the way Google prioritise employee wellbeing. The second highest proportion of respondents indicated Apple to be their dream job. Reasons provided by respondents included: innovation, opportunities for growth, sustainability, autonomy and a reputable employer brand.

A reason for choosing a particular dream job, seemingly relates to the finding by Kucherov and Samokish (2016) that a potential employee's employer brand associations reflect his/her perceptions of the employer brand. Therefore, the reasons that affect job attractiveness is largely subjective and reflects the employer brands ability to satisfy individual needs (Collins & Kanar, 2013). In terms of the top five companies indicated (Google, Apple, Mercedes-Benz, Woolworths and Coca-Cola, respectively), two major themes were identified as prominent reasons for indicating a specific employer brand. These reasons include: innovation and a company that prioritises employee wellbeing.

The impact of globalisation, migration, technological sophistication and a knowledge revolution has meant that innovation (in attempts to gain a competitive advantage) is now more important than ever before. Given the reasons provided above, it is evident that Google, Apple, Mercedes-Benz, Woolworths and Coca-Cola adopt innovative strategies (e.g. gym at work, sleeping pods and cafeteria) that prospective employees recognise and perceive as important, when evaluating job attractiveness. Furthermore, it seems that prospective employees are attracted to organisations that prioritise employee well-being. The cost associated with absenteeism has meant that organisations are increasingly invested in interventions (e.g. mindfulness sessions and health days) that could be beneficial to employee wellbeing.

Limitations of the Research Study and Suggestions for Future Research

The limitations of the research study are discussed below, as well as future recommendations to improve on the current study.

The sample was obtained using convenience sampling, a non-probability approach. The limitation of using non-probability sampling is that the sample obtained is not representative of the entire population and so no generalisations can be made. In future studies, it should be endeavoured to collect data from random or probable samples to allow for the generalisation of results.

A Hawthorne effect may have inflated responses. A recommendation for future research could be to alter the design of the job advertisements and make them seem more realistic. Vignettes could be considered an alternative when designing stimuli.

Theoretical Contribution

Experimental Design

The present study offers a unique theoretical contribution in terms of its use of a 2x2 or 2² full-factorial experimental design. Experiments are arguably the gold standard, but seldom used in human resource research. The theoretical usefulness of using an experimental approach is that causal inferences can be made.

Given that no literature could be found that investigated the causal effect of an employer brand and remuneration on perceived job attractiveness, the present study makes a novel theoretical contribution in the field of Reward Management and Human Resources Management in general.

Practical Contribution

Reward optimisation and a potential Remuneration Discount

The practical contribution that the present study makes is aimed towards the potential benefit organisations may experience in terms of attracting talented employees, whilst reducing the largest controllable organisational expense i.e. the salary bill. The present study provides organisations with some empirical evidence that a reputable/desirable employer brand can allow them to attract talented employees at lower levels of remuneration.

The findings of the present study challenge the established notion in talent management that higher levels of remuneration is the best strategy to attract talent. Given the current challenging economic environment and scarcity of financial resources, this finding not only offers organisations a non-financial alternative to attracting, motivating and retaining talent, but also to do so more cost-effectively.

Managerial Implications

The value of a desirable employee brand has been clearly established in the present study. Organisations that do not possess a reputable/desirable employer brand, can further develop and enhance their employer brand. Various ways are available to do this, one such strategy is to follow the three-step employer branding process discussed in Chapter 2.

The three-step employer branding process requires the organisation to develop a compelling value proposition. The value proposition represents the organisational culture, employment image and service/product quality, which is represented in terms of the employer brand. The employer brand is then externally communicated (external marketing). In addition to external marketing, the organisation should further incorporate internal marketing strategies to ensure a workforce that is committed and strives to achieve a favourable reputation, both inside and outside the organisation (Tanwar & Prasad, 2016).

The notion of brands, including branding, brand awareness, brand image, brand equity and the desirable outcomes of possessing a desirable brand, are well-established in Marketing. Human resource managers should strive to work closer with their Marketing counterparts and adopt the same branding theories and principles marketers use to sell products and services, to develop and enhance their organisation's employer brand.

The findings of the present study hopefully positively contribute to this list of reasons and makes for an even more cogent, financially based, argument for organisations and managers to make every effort to ensure they have a reputable/desirable employer brand in their chosen industry.

Conclusion

The aim of the present study was to investigate if a reputable/desirable employer brand could result in a remuneration discount for organisations, while achieving similar levels of perceived job attractiveness.

The findings of the study supports the claim that an organisation with a reputable/desirable employer brand can achieve a remuneration discount on its salary bill, while still achieving similar levels of perceived job attractiveness amongst prospective employees.

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