STUDY ON ATTRACTING AND RECRUITING TALENTS BASED ON EMPLOYER BRANDING - A CASE STUDY OF VOLKSWAGEN

Jiang Ning

Siam University, Bangkok, Thailand

As China’s economy enters a new normal and manufacturing enterprises transform, it has become an irreversible long-term trend for manufacturing industries featuring “cost leadership” to move to second and third-tier cities in China, where manufacturing costs are lower. In a competitive market environment where the demographic dividend is gradually disappearing and the talent competition is intensifying, how to deal with the challenge of talent attraction in the manufacturing industry, explore new ideas to solve the talent competition challenge, help enterprises attract and motivate and retain talents, and research and construction of employer brand has become an important issue in the practice of enterprise human resource management nowadays. It is also the basis for effective talent attraction and recruitment.

Based on the research and analysis of the literature on employer brands and factors, this paper selects popular companies in China as research objects and conducts interviews with a group of employees in different cities.

The results of the study show that there is a difference in the perception of employer brand attractiveness factors between employees in third-tier cities and employees in first-tier cities in Shanghai. This difference is also due to the difference in certain characteristics and demands of the employee group. At the same time, the employer brand of a company comes from its main body, i.e., employees and the market. The employer brand is derived from the feedback of the employees and the market on the unique value and attractiveness of the company, so it is necessary to start from the perspective of employee identification and avoid local perception.

Keywords: employer branding; employer attractiveness; manufacturing companies; talent attraction

Jiang Ning

MBA, Graduate School, Siam University
Research interest: international business management

E-mail: 18504706161@163.com
STUDY ON ATTRACTING AND RECRUITING TALENTS

Introduction

Research Background
The advent of the knowledge-based economy means that society is entering an economic era based mainly on intellectual resources, and competition between enterprises is shifting from the original competition for the factors of production of land, equipment and productive resources to competition for the intellectual resources of talents.

With changing economic and industrial models, changing patterns of labor supply and demand, increasing worker autonomy, and diversifying values in the new era, the strong position of traditional employers is being challenged. From recruiting and selecting to targeted recruitment and retention of talent, the corporate talent strategy has become a trend in human resource management in modern organizations.

The manufacturing industry is the mainstay of China's national economy and the basis of economic development. The long and healthy development of the manufacturing industry is related to the people's livelihood in the country. Therefore, establishing the talent attraction advantage of manufacturing companies in the era of fierce competition for talents has become a promising and strategic issue for the development of many companies.

Research Problems
The emphasis on talents and the need for retention of key talents, facing the emergence of new technologies and employment opportunities in the mobile Internet era has intensified the competition for talents in the traditional manufacturing industry.

In the "China Employer Branding Research Report 2020-2021" released by the School of Labor Economics of the Capital University of Economics and Business based on cross-industry surveys of Chinese manufacturing, information technology, real estate and social service, industry comparative data on employee work experience scores on one and the same type of work in this industry show that the level of experience of employees in all types of work in the manufacturing industry is low. The way in which the traditional manufacturing industry actively faces competition for talent and makes the industry attractive to the employer is related to the healthy development of the entire industry and has a far-reaching impact on the development of the national economy.

On the other hand, the manufacturing industry characterized by "cost leadership" is facing transformation and breakthrough: the manufacturing industry is shifting to areas with cost advantages, and it is a general trend to move from first-tier cities with high manufacturing costs to second-and third-tier cities with lower manufacturing costs and national policy support. Such as the HONGHAI Group Foxconn manufacturing base moved to Henan, Hunan, and other places, as well as in 2014 Lego Asia's factory site Jiaxing groundbreaking is a typical reflection of the trend of industrial transformation.

However, the distribution of talents closely related to industrial development is not synchronized. For a long time, China's urban-rural duality and population trends have determined that many knowledge-based talents are concentrated in first-tier cities and relatively scarce in second and third-tier cities.

Therefore, after the relocation of manufacturing plants, the new challenge is effectively attracting and hiring talent in local areas, building employer brands, and meeting the operational and development needs of enterprises to achieve competitive advantages.
The objective of the Study

The new era and new situation have placed greater demands on HR strategies and practices. Companies must be aware of this and be prepared for it in order to attract talent sustainably, improve employee working conditions, and retain talent as much as possible for long-term corporate development in the face of fierce competition for talent.

Building a differentiated employer brand to enhance the attraction of target talents will become a must to improve the core competitiveness of enterprises, and it is also the starting point and foundation of the future HR management strategy of manufacturing enterprises.

1. Create a differentiated employer brand and increase the attractiveness of the company to targeted talent.
2. Examine whether there are geographic differences in employer branding within the same company.
3. Develop an employer brand for manufacturing companies in second and third-tier cities.

Scope of the Study

Employer branding includes internal employer branding and external employer branding: external branding is for external potential employees, which refers to the attractive brand image created by the company in the external market to make them willing to work for the company; while internal branding is for existing employees, which represents the commitment and differentiated work experience provided by the company to its regular employees. Employer branding emphasizes "from the inside out", i.e., the attractiveness of the external employer brand comes from the internal experience and communication of employees.

This study uses literature review and interviews to empirically analyze internal employer brand attractiveness factors of Volkswagen, a foreign-funded automobile manufacturer in China, and to investigate whether there are regional differences in the internal employer brand of the same company and the main aspects of these differences. At the same time, this article proposes action plans for building and developing employer brands of manufacturing companies in second and third-tier cities based on the analysis of the differences between the employer value factors of second and third-tier employees of Volkswagen and those of first-tier employees.

Research Significance

This study considers employees, the main subject of human resource management, as the research object, and draws on the customer-driven and interest-oriented approach of marketing to study branding, mainly exploring employer branding within the enterprise, which is new in terms of the research object and theoretical perspective. This inside-out research perspective is also in line with the need to develop target candidates into employees from the talent attraction of employer branding.

The empirical findings of this article can establish the foundation for future research and provide some new ideas and methods. Talent aggregation is the key to improving the market competitiveness of enterprises, and the research and employer brand building in manufacturing enterprises are of great practical importance to match the transformation of China's economic growth mode from sloppy to intensive and to improve the quality of the China's economic growth.
The findings and practical suggestions of this study have certain reference values for multinational automobile manufacturing companies to build employer brands to enhance competitiveness and have certain reference significance for other manufacturing companies.

**Theoretical framework**

![Theoretical framework diagram](image)

*Figure 1 - Theoretical framework (made by the author)*

**Hypotheses**

H1: There is a positive correlation between the value factor of individual job search intention and their identification with the employer brand proposition.

H2: Employer brand is influenced by the regional economic level and cost of living, and the degree of salary attractiveness in employer value proposition in second and third-tier cities should be less than in first-tier cities.

**Literatures Review**

**Employer branding**

The study and practice of Employer Branding have their roots in the penetration and application of the disciplines of branding and marketing in the human resources field in the mid to late 1990s. A brand is "a name, term, logo, symbol or design, or a combination thereof. Branding aims to identify the goods and services of a seller or organization and to distinguish it from its competitors" (Schneider et al., 2000). In contemporary society, branding has been widely used to distinguish people, places, and businesses.

Based on a branding theory perspective, Balmer & Gray (2003) suggest that the differentiated work experience between companies is expressed and communicated through employer branding, and that employer branding should not just be used as an advertisement or tool for recruitment.
Existing employees will decide whether to stay or leave based on the consistency of "commitment-expectation-fulfillment", and potential employees will decide whether to join the company and become a member of the company based on the company's identity and status in the human resource market. Based on a strategic perspective, Edwards (2010) argues that employer branding is a symbol of employer image, which is reflected in a series of policies, behaviors, and value systems to motivate, retain, and attract employees.

According to Professor Hou (2010), employer branding is a branch of corporate branding that is not a product but a relationship; he also believes that employer branding is a manifestation of corporate culture, which can gain employees' recognition, support, and loyalty, and once the employer branding is completed, it will produce a brand effect, and the company's reputation will be automatically spread in the market.

Professor Hou emphasized that in the process of building an employer brand, companies should continuously strengthen their branding process management, which is the only way to form a superior employer brand. This is the only way to create an excellent employer brand.

The definition of employer branding is very diverse, with scholars defining and studying it from different perspectives of employees and employers, including organizational identity, work experience, organizational image, corporate culture, corporate branding, and so on.

**Classification of Employer Branding**

Employer branding can be divided into internal employer branding and external employer branding according to different target groups inside and outside the company: internal employer branding, i.e., employer branding attraction for internal employees. External branding is employer branding attraction for external potential employees, external customers, suppliers, and other partners.

Backhaus & Tikoo (2004) argue that external marketing of employer branding is based on the premise that the company has an attractive and unique employer image, and job seekers are attracted by the employer's brand and will apply.

The internal marketing of employer branding refers to the formation of a unique culture and talent pipeline within the company through the acceptance and reinforcement of the company's value proposition, policies, and behavioral norms by employees, thus gaining a competitive advantage. This shows that although the theoretical definition of employer branding varies, there is a strong consensus on the relationship between the internal and external employer brand heritage and the value transfer from the inside out.

**Employer Brand Components**

This study summarizes the components of branding theory, which is the origin of employer branding. Branding theory suggests that a brand reflects an organization's resources and competitive advantage, and provides consumers with a value that meets or exceeds expectations. Keller & Swaminathan (2019) divides brand values into three categories: functional benefits, experiential benefits, and symbolic benefits based on the associations that make up the brand image at the benefit level.

Functional value mainly refers to the satisfaction of employees in the work of substantive benefits, such as wages and benefits, workplace, work for the convenience of personal life and quality of life to improve career development and personal growth, etc.
Experiential value emphasizes the satisfaction of the spiritual needs of the brand effect and is the intrinsic value experienced by employees. Empirical value is expressed in employees' confidence in the company's market prospects, a sense of accomplishment from work, awareness of their own value and satisfaction, etc.

The symbolic value is the external value of the working forces, is the value of social and external recognition of the organization's employees outside the organizational identity from social respect and recognition and higher social status, etc.

**Employer Branding Function**

Many studies have shown that companies with a good employer brand have lower turnover rates and lower employee turnover rates, and a work experience that exceeds employee expectations increases employee loyalty and enthusiasm in the following ways.

1. Increase employees' sense of belonging and commitment.
2. Reduce employee turnover rate and mutual fit risk.
3. Improve recruitment efficiency and reduce recruitment costs.
4. Create experience value for talent.
5. Improve the system capability of HR management.

**Person-organization fit theory**

Person-organizational fit theory suggests that the interaction between an individual's choice of occupation and organization and their personality traits influences the choice of occupation and organization, and that different individuals join different organizations, and that an individual's characteristics predict their choice of occupation and organization.

Kristof (1996) believes that organizational employee matching is a state of compatibility between employees and the organization when at least one of them meets the needs of the other, when they both share the same basic characteristics, and when both share the same basic characteristics. Both situations occur.

Schneider et al. (2000) proposed the Attraction - Selection - Attrition model. This model proves that people in organizations are not randomly distributed by chance and that employees in organizations are attracted, selected, and retained by the organization. They will evaluate whether the organization's goal structure and culture are in line with their attitudes and values, etc.

People always tend to choose organizations that match their characteristics in terms of organizational development goals to benefit their career development. The individual organizational fit theory focuses on the psychological aspects of individuals to explain the attractiveness of organizations and people's willingness to accept jobs.

**Signaling model**

The signaling theory was first proposed by Michael Spencer (1973), who argued that in some markets sellers actively signal product quality information to buyers to obtain gains from transactions and that these market signals can counteract the information asymmetry problem in adverse selection. These market signals can address the information asymmetry problem in adverse selection.

Employer brand is a kind of transmission and systemic force based on Spencer's (1973) first use of signaling theory to model the impact of HR policies on employees outside the organization, HRM policies as a reflection of the organization's real HR system strength, will
affect job applicants' intention to apply for jobs. As a reflection of the strength of the organization's actual HR system, the HR policies will influence job seekers' intention to seek employment.

**Research methodology**

This study uses a quantitative research approach to formulate questions and hypotheses through a review of various theories and literature in this field. Based on the person-organization fit theory and the signal model, this study decides to use a semi-structured interview questionnaire that assesses employer brand attractiveness factors, a five-level Likert scale design was adopted as the basis for employee interview ratings.

In-depth interviews were conducted with employees from different geographical areas of the same company, and their attractiveness and rating factors of employer branding were used as the original data and data samples, combined with the background characteristics of the interviewees and related factors for specific analysis, while the group perceptions of the interviewees were again traced to their causes and influences, and examining the correlation between group commonality of geographic differences and differences in employer brand appeal.

In this study, the Dongying factory, which is typical of the manufacturing base, is selected as a representative and is different from the first-tier city Shanghai headquarters. The Dongying factory fits the characteristics of a third-tier city location, lack of industrial base, and concentrated short-term talent, so its study.

The study is of typical significance. In this survey, 150 questionnaires were distributed to a sample of 300 employees in Shanghai, a first-tier city where the head office is located, and a third-tier city in Dongying, a representative factory. The sample is as follows (Tab. 1).

<table>
<thead>
<tr>
<th>Table 1 - Sample overview for Shanghai and Dongying cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(made by the author)</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male:70%, female:30%</td>
</tr>
<tr>
<td>Year of employment</td>
</tr>
<tr>
<td>Average age</td>
</tr>
<tr>
<td>Academic qualifications</td>
</tr>
</tbody>
</table>

There are no significant differences between the two sample groups in terms of gender, length of service, age, and educational level, and the results will be more informative when interviewed based on the comparability of the two employee samples.

**Finding and conclusion**

In this study, the four factors of employer brand attractiveness were categorized and linked according to the four major functional categories: "employer image and reputation", "culture", "compensation and development", and "work itself", and were coded as A, B, C, D.
STUDY ON ATTRACTING AND RECRUITING TALENTS

Within each factor, there are subdivisions, for example, Factor A contains 4 sub-items, coded A1-A4, corresponding to "attractive products", "innovation", "market success" and "prestige and fame".

Factor B consists of 5 sub-items labeled B1-B5 corresponding to "good working atmosphere", "respectful working environment", "balanced working life".

Factor C contains five attractiveness subfactors C1-C5, namely salary and bonus, and rich benefits: "Employee Benefits", "Vacation", "Development Opportunities", and "Leadership Opportunities". Factor D contains attractiveness subfactors such as "challenging work", "job responsibility", "assignment opportunities", "job stability", and "teamwork", coded as D1-D5.

The average interview scores for the four main attractiveness factors are shown in the Tab.2.

Table 2 - Employer branding attractiveness 4 factors comparison
(made by the author)

<table>
<thead>
<tr>
<th>Factor Codes</th>
<th>Attractive Factor</th>
<th>Average Shanghai Employee Ratings</th>
<th>Average Dongying Employee Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>employer image and reputation</td>
<td>2.43</td>
<td>2.34</td>
</tr>
<tr>
<td>B</td>
<td>culture</td>
<td>1.89</td>
<td>2.04</td>
</tr>
<tr>
<td>C</td>
<td>compensation and development</td>
<td>2.50</td>
<td>1.82</td>
</tr>
<tr>
<td>D</td>
<td>work itself</td>
<td>2.40</td>
<td>2.36</td>
</tr>
</tbody>
</table>

It can be found that there is little difference between the ratings of employees in the two regions in factors A and D, but there is regional variability in factors C and D.

As it can be seen from Tab. 3 below, among the 19 employer brand attractiveness factors, the importance of ranking the personal value factor of employees' job search is fully consistent with their rating of VOLKSWAGEN's attractiveness in this factor.

Although there is a difference between the value factor ranked first in Tab. 3, the corresponding employer brand attractiveness score of VOLKSWAGEN also has a corresponding reordering, indicating that the employer brand attractiveness factor with a high personal value factor, the employee's rating of the attractiveness factor provided by the company is also high.

These illustrate that individuals are attracted and selected before entering the organization because of the similarity between their values and the attractive elements of the organization's employer brand, and are again validated and honed on the employer’s value brand after joining the organization, thus there is a positive correlation between the individual job search intentions and their identification with the employer brand proposition (H1).

Shanghai, as a representative of China's first-tier cities, is characterized by high prices and housing prices, and the average salary of the city's working employees in 2021 is RMB 11,396. As the main source of income to support the daily expenses of the working class, it is
generally assumed to have a dominant influence on the choice of work by employees, however, Tab. 3 of the survey results shows that employees' attractiveness rating of salary and bonus at VOLKSWAGEN is only the third among the top three local employers' value attractiveness factors, behind the highest rated "work-life balance" and the second highest rated "career path and development opportunities" are "life balance" and "career path and development opportunities".

Table 3 - Comparison of personal job search value factor and employer brand attractiveness factor  
(made by the author)

<table>
<thead>
<tr>
<th>Factor Codes</th>
<th>Importance Ranking</th>
<th>Employer brand attractiveness score</th>
<th>Importance Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>in Shanghai</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>1</td>
<td>1.69</td>
<td>1</td>
</tr>
<tr>
<td>B4</td>
<td>2</td>
<td>2.17</td>
<td>2</td>
</tr>
<tr>
<td>C1</td>
<td>3</td>
<td>2.45</td>
<td>3</td>
</tr>
<tr>
<td>in Dongying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C1</td>
<td>1</td>
<td>1.68</td>
<td>1</td>
</tr>
<tr>
<td>B4</td>
<td>2</td>
<td>2.09</td>
<td>2</td>
</tr>
<tr>
<td>B3</td>
<td>3</td>
<td>2.26</td>
<td>3</td>
</tr>
</tbody>
</table>

In other words, employees do not consider their salary and benefits to be the most attractive when they work at VOLKSWAGEN, but mainly because the company provides a good work-life balance culture. In the third-tier city of Dongying, the average social wage of employees in 2021 is RMB 8,939, and the standard of living and housing prices are lower than those in Shanghai. The cost of living is not positively correlated with the cost of living in the area as hypothesis H2.

As it can be seen from Tab. 3, the mean value of "job income" is 1.68, which is much higher than the second-ranked "career path and development opportunities" with 2.09 and the third-ranked "work-life balance" with 2.26.

This indicates that most employees have a high opinion of the company's compensation and benefits in the market. Satisfaction with compensation and benefits accounts for a significant portion of the attractiveness of the Dongbei plant to VOLKSWAGEN.

This indicates that there are geographical differences in the attractiveness factors of employer branding, with employees in the first-tier cities and the third-tier regions not fully agreeing on the attractiveness factors, and there is no correlation between the regional cost of living and their agreement on the attractiveness factors of compensation and benefits (H2).

To sum up, to build an employer brand in Dongying, Volkswagen must consider the regional specificity and the differentiation of talent groups' demands, and build a higher weight on the positive attraction factors to offset the innate negative hindrance factors, to form an attractive advantage of talent mobility across regions.

The study proves the following conclusions:
1. Employer branding must be done from the perspective of employee recognition, not from the perspective of management and headquarters' perception. Even within the same
company, there is a difference between the employer brand in Shanghai and the employer brand in the second and third-tier cities. The employer value proposition should be free from local orientation and be tailored to local conditions.

2. Just as there are differences between corporate employer brands in the second and third-tier cities and first-tier cities. It is related to the comparative advantages of employer value attraction elements in the local area and the demands of stakeholder subjects.

**Recommendation**

Dongying, a representative of the third-tier cities, has a shortage of talents in the local automotive industry cluster, so the recruitment of knowledgeable talents for manufacturing management needs to rely on talent mobility and the supply of foreign knowledgeable talents.

The stability requirements and family characteristics of this group of people determine their high migration costs. With fewer development opportunities in the second-and third-tier cities compared to the first-tier cities such as North, Shanghai, and Guangzhou, compensation and benefits as the main source of income play a key role in attracting talent. If the company can focus more on the compensation and benefits offerings and publicity, it can effectively enhance the attractiveness of the target candidate group and form a differentiated employer brand in the competitive talent market, establishing its advantages.

From the perspective of corporate development strategy, Dongying’s manufacturing base is one of the important production bases of the company, with new factories, high construction standards, many jobs in demand, and a large career development space, which constitutes a great attraction for candidates aged 30-35 who have certain work experience and are in the process of career advancement and have demands for job development prospects.

To sum up, companies should combine their unique advantages in the second and third-tier cities and the demands of target groups to establish employer brand awareness to gain advantages in the competition for talents.

**References:**


Hou, H. J. (2010). Study on factors influencing the external attractiveness of corporate employer brands, College of Business Administration, Hunan University.


*Paper submitted* 26 October 2022
*Paper accepted for publishing* 07 December 2022
*Paper published online* 30 March 2023