Training & Development: Enhancing the Employer Brand in a Turbulent Economy

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Abstract

Training and career development has been an important role for human resource management and by many is considered equally important as talent acquisition is as an HR function. Opportunities for career development now rank as one of the more important qualifications in employer branding used to attract the new generation of talent, especially those identified as generation x and the millennial or y generation. The social contract between employer and employee had offered great expectations. The question is whether the current economic turbulence will allow organizations to stay true to promises. In a time when secure futures are anything but secure, many organizations are reducing payrolls, changing employment structures, and fighting against economic uncertainties. Social contracts are beginning to fail, but this should be seen as an opportunity for the next best thing – training and career development. In a turbulent economy, training has the opportunity of being at the top of the list for benefits that enhance an organization's ***employer brand***.

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Daft (2012) notes “The term human resource management (HRM) refers to the design and application of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals” (p. 382). The strategic tasks of human resources include finding the right people, managing talent, and maintaining an effective workplace (Daft, p. 383). Human resources as a function of an organization must align its goals, strategies, and activities around organizational needs, but the importance of human capital is obvious – little can be accomplished without the right people. Daft defines human capital as “the economic value of the combined knowledge, experience, skills, and capabilities of employees” (p. 385). Organizations are paying a price for the knowledge and skills that make up the economic value of the human capital. Like other resources, the value of human capital depends on market values resulting in a contractual agreement between a willing seller and a willing buyer. For human resources the *social contract* between employers and employees has often been considered the deal maker that has been worth as much or more than the wage or salary being offered. However, in a turbulent recessive economy the promises of job security and social contract benefits are proving to be at risk and the new x and y generations are focused on the importance of training and career development for the promises of the future.

Social contracts are beginning to fail

In the recent past, much of the value in the employer-employee relationship has been related to the social contract that exists, whether formal or informal. Dowling (2009) writes,

> In almost every country, the modern "social contract" is an implicit bargain by which employees offer up their good citizenship and their earnest labor in exchange for a viable

> package of benefits (or at least a viable social safety net) that in large part is employer-provided. This employee-friendly social contract paradigm holds up almost everywhere in the world, rich and developing economies alike. (para. 1).

Dowling notes however that in the United States social contracts between employers and employees are unique in that they are “at will” and are “market-driven” (para 1). The American social contract phenomena has contributed to much of the economic success and high standard of living in the United States because employers could take advantage of a free-enterprise system (market-driven) to grow their organizations while employees also operated in a market of competition that meant employers and employees negotiated benefits for both. Historically the social contract between the employer and the employee did not involve a third party such as overt government control of the contract although unions influenced the scope and direction that greatly improved the way employers and employees entered into their relationships.

In contrast Dowling (2009) cites express “right to work” laws and mandated benefits as norms for many societies which account for the differences in the social contract between employers and employees in many other countries. In some countries and in some industry segments in America, the social contract is negotiated between labor unions and with industry trade associations or management which minimizes direct involvement by employees. In other countries, social protection for wages and benefits through government regulation create common social nets. There can be a debate about whether this is favorable for a business model. More troubling is the reality that the turbulence in the new world economy means that social contracts, especially those that purport to provide job and retirement security, are beginning to fail both at home and abroad.

Historical ties between employment and social safety nets in America have roots in the New Deal era of the 1930s-40s (Bertram, 2013, p. 29). The concept of social contracts have emerged over time, some in response to government activity, some in response to union activity, and more recently as employers developed a greater sense of corporate social responsibility. The concept of wages and benefits, life insurance, retirement plans, health insurance, and the hope for job security have gone from contract status to expectation. However, real world economic events have proven that social contracts like all other contracts in the world of business are promises that are subject to risk. Bertram (2013) notes “The economic recession that gripped the United States from late 2007 to mid-2009 posted the steepest rates of job loss the country has seen since the 193s, and a full three years later, the economy remained mired in an anemic recovery” (p. 30). Bertram writes “Of the 15.4 million who lost their jobs between 2007 and 2009, only 49 percent were reemployed in January 2010, the lowest level since the survey began in the 1980s” (p. 44).

What does all this mean? The attractiveness of a social contract with the appeal of security has dimmed and organizations in America are facing even greater uncertainties with the looming Affordable Care Act to be implemented in 2014. On the one hand the offer of great benefit packages will likely be used as inducements for the very best talent in a competitive market. The cream of the crop will have the advantage. While organizations may reduce social contract benefits for the general workforce there will still be the need to attract good workers. If job security cannot be a promise – what is the next best thing? Job training has a great opportunity to be at the top of the list for attracting new talent.

Generational views in the new workforce

In an economic recession, conventional thinking assumes an employer's market. High unemployment creates competition with more applicants available for fewer jobs. However, an excess of qualified applicants does not change the dynamics in an employer-employee relationship. Employee fit is just as important as ever and one of the realities of today is the changing view of the x and y generation for the world of work. What may seem inconsistent with the realities of recession is that even though there are fewer jobs and more competition, the notion that employees will automatically commit and hold onto a job is not the case with the generations of Gen Xers and Millennials which now makeup the workforce. Research by Kowske, Rasch, and Wiley (2010) reveals generational attitudes and work values for the younger generation of Gen Xers and Millennials (the y generation) include less loyalty to employers and a higher degree of voluntary turnover even though there is lower turnover intention than the Boomers generation (p. 268). Turnover intention is defined as an employee's intention to voluntarily leave a job or organization.

There are several factors that contribute to the higher degree of voluntary turnovers by Gen Xers and Millennials even when turnover intention is lower. Kowske, Rasch, and Wiley (2010) researched the work trends criteria of job satisfaction, pay and benefit satisfaction, recognition, career development, job security, and turnover intention (Table 3, p. 271). While job satisfaction is often high, personal attitudes toward long term commitment are lower. The challenge for employers now becomes not one of finding employees but of retaining employees. It is understandable that an uncertain economy sends the message that organizations are not necessarily able to commit to job security or long term employment even if this appears to be the intention of the organization. The current trend of all new hires being on probationary status only reinforces the image that employment is a tenuous arrangement. What should then be the expectations of potential employees? Concerning conceptualization of job security Kowske, Rasch, and Wiley write,

> Boomers and Gen Xers may have struggled to redefine their expectations as industry changed is practices, perhaps explaining their lower scores. Millennials may have entered the workforce with very few expectations, and therefore are satisfied with the job security they do enjoy even if it is more akin to confidence in keeping their position through the next round of downsizing than a 25 year tenure and a pension (p. 275).

Instead of trusting in a secure future with a single employer, Gen Xers and Millennials see the possibility that life may become a series of jobs.

Secondly, along with the pragmatic view that employers may not be able to provide for job security is the trend in the younger generation to view quality of life as being more important than trying to reach the top rung in the corporate ladder. Tung-Chun, John, and Ching-Ye (2007) write,

> After years of economic development and income growth, compensation and benefits are no longer the only goals that employees pursue. Taylor and Cosenza (1998) mention that while money is still important, it is not sufficient to inspire accountants' loyalty. The changing values of the workforce indicate that current employees are more interested in elevating their quality of life (p. 736).

The younger generation of workers is more concerned about work life balance, career development and growth, job satisfaction, and good working relationships. The mindset has been to replace the worries of an insecure future with a pragmatic view of making today count toward the best hopes of tomorrow.

Employers must capitalize on the psychological changes in the generational workforce if they hope to retain the best talent. It is the simple matter of understanding the new motivation for the younger generation. It is *career commitment* rather than organizational commitment. Tung-Chun, John, and Ching-Ye (2007) observe,

> Since career commitment has greater generalizability and conceptual distinctiveness, and has been recommended for further research (Chang, 1999), the construct of career commitment has proven to be distinguishable from that of organizational commitment (Blau, 1989). Individuals who commit to their careers are more likely to develop their job skills and knowledge. Hence firms that provide better training and development opportunities are more likely to affirm employees' career commitment (p. 738).

The self-efficacy driving the younger generation workforce is understood in terms of how a generation takes control of its own destiny in the face of economic turbulence. Career commitment is a commitment to self and the goal of a work-life balance. It is a way of creating a sense of security and career development and training has become a high priority for a career minded generation.

Employer branding

Shivaji, Shivashankars, Maruti, and Reshma (2013) write "Branding is originally used to differentiate tangible products, but over the years it has been applied to differentiating people, places, and firms . . . An employer brand is the sum of all the characteristics and distinguishable features that prospective candidates and current employees perceive about an organizations' employment experience” (p. 1). An economic recession or high unemployment does not negate the fact that short of slavery, employers and employees have an “at will” contract with benefits for both parties. Employers are looking for the right employee and employees are looking for the right employer. There is seldom a situation where there is no competition. Involved in employer branding is the employer value proposition (a reason to work for an employer), and the employers image. Shivaji, Shivashankars, Maruti, and Reshma note “Employer branding is a process of placing an image of being a great place to work in the minds of the target future employees” (p. 2).

In Daft’s (2012) three primary goals of Human Resource Management, managing talent included training, development, and appraisal of performance (p. 383). These three functions of managing talent are considered among the major contributors to enhancing an employer brand. The career minded Gen Xers and Millennials see training and development as the most important asset in employer branding. Yaqub and Khan (2011) researched employee branding noting “The results of this research indicate that university students are well aware of this concept and most of the respondents have emphasized the need for learning opportunities and to enhance skills for better opportunities” (p. 62). The research continues “The results of this study also highlight the significance of training for the retention of talent which ultimately reduce the employee’s turnover” (p. 62).

Training and development expenditures are often cut back when decisions must be made about the bottom line during economic turbulence. It is understandable that cutting cost is a reality and always painful, but if the cuts in training become too deep, the negative impact can have unintended consequence – tarnishing the employer brand and the ability to attract and retain the best talent.

The American Society of Training and Development (ASTD) issues an annual State of the Industry Report each year. The 2012 report notes “The average direct expenditure per employee decreased in 2011 to $1,182 from a peak expenditure of $1,228 in 2010” (p. 07), but also noted is the strong commitment organizations have to learning and development which included a 3.2 percent increase from 2010 to 2011 for direct expenditures as a percent of payroll (p. 07). What is noted by the ASTD report is this fact, “Simultaneously for the first time in North America – we have the co-existence of four generations in the workplace. Now is the time for more innovative, inclusive, and forward-thinking learning approaches” (p. 3).

Also noted in the ASTD annual report is the statistic, “Small companies typically spend more per employee on L&D than their larger counterparts” (p 7). The average expenditure for companies with fewer than 500 employees was $1,600 per annum. What might account for small company expenditures being twice the level of large organizations might be attributed to the reality that what companies cannot make up in being able to afford the best benefit package, they make up with great training.

A human resource manager’s view of training

For many companies, training is a necessity. Barbara Batista of Keymark Corporation, Lakeland, Florida notes that all employees from management to worker are on probationary status when hired. With 310 employees, Keymark is a manufacturer of aluminum products. Skill based training and OSHA training is ongoing and required. The interview with Keymark suggested several impressions. First, Keymark is employee centric. While many companies in the area depend a great deal on temporary employment, Keymark-Lakeland has but one temporary. Although all new hires are probationary, the focus is a permanent workforce. In the recent economic downturn, Keymark is adding employees.

Mrs. Batista was asked about providing training for employees in a troubled economy. Keymark's commitment to training includes partnering with Polk County's workforce development agency, Polk Work's to be sure training is provided when employees leave the company. There is a current initiative to developing intern positions with a view of keeping Keymark a strong and viable part of the community. Keymark regularly brings in trainers and will be offering computer skills training for employees – something above and beyond the direct job skills needed for the factory workers. Keymark has a culture of investing in employee training and as a result is listed among the top employers in Polk County, Florida.

Summary

Employer branding is about creating the corporate image as a most desirable place to work. It can mean the difference in attracting and retaining new talent. The functional aspects of employer branding is not only about symbolic associations, but what becomes part of the brand becomes part of the culture of an organization.

Reitman (2013) writes, "Organizations that demonstrate they value human capital in a nurturing environment that promotes development have a 'talent point of view" (p.21). When organizations make training and development a part of the employer brand, they are essentially promoting talent to get talent by saying, what you know and what you are matters to the success of the organizations.

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Company: Keymark Corporation	Date: 09/25/2013
Name: Barbara Batista (bbatista@keymarkcorp.com)	Position: Human Resource Manager

General hypothesis: In an economic downturn where organizations begin to turn to increasing uses of a temporary or part-time labor force, there is often a corresponding reduction in training budgets. Training is an opportunistic part of a social contract that can enhance the employer brand in a turbulent economy.

No.	Question	Response
1	Is recruitment and responsibility for temporary employees handled through HR or purchasing?	While some companies handle temporary employment through purchasing, Keymark continues to make this an HR function. The company does not use temporary employment on a regular basis. The ethos of the company is employee centered and training is considered an important priority.
2	Does your company have a temp-to-perm hiring model?	Keymark has a 90 day probationary period for all employees – all new hires are considered temp to perm
3	Does your organization use a temp-to-perm model for higher skilled, management, or professional positions?	Professional and skilled positions are also on a temp to hire 90 day probationary period. There are no exceptions.
4	Does the company have more than one probationary period structure?	No
5	How much of your workforce is made up of temporary or part-time employees?	There is a total workforce of 310 employees and at the time of this interview there was a new orientation group (I did not get the number). There is only 1 employee that is considered an actual temporary employee that is not on a temp to hire program.
6	Does the outsource training and what kind?	Yes – the HR department has strong ties to Polk State College which provides training in management and industrial related coursework.
7	What kinds of training are provided for employees, including part-time or temporary employees?	All employees including temporary or probationary employees have Osha and safety training; other training is skill related including fork lift certification or training in manufacturing related job skills.
8	Do you have seasonal employees? Do	Seasonal employment is now under

	they have any training or career development opportunities?	consideration including new programs for internships which would involve structuring new training opportunities.
9	Are there training opportunities to improve employability for temporary employees that might eventually leave your company?	One current initiative is to offer computer skills training to employees that have an interest or need to improve technical skills. Keymark partners with Polk Works, a workforce development resource center providing job placement assistance and career development and training services
10	Are there any questions about my interview and how it will be used?	The purpose of this interview was explained and links to Regent University were emailed.
11	Is it OK if your company and name is referred to in my assignment?	Mrs. Batista had no objections for the use of her name of the company name as a part of the research project.

Interview with:

Keymark Corporation
Industry Category: Manufacturing: Aluminum Extrusions
Phone: 863-858-5500
2540 Knights Station Road, Lakeland, FL 33810
Mrs. Barbara Batista – Human Resource Manager