“Impact of Employer Branding Practices on Attraction and Retention of Employees in Banking, Financial Services and Insurance Sector”

Introduction:

The global and an incrementally competitive business environment faced by the organizations; irrespective of their sectors, from all over the world have presented a need for establishing themselves as an ideal employer. Brett Minchington, International Brand Strategist, Corporate Advisor defines employer branding as “the image of an organization as a ‘great place to work’ in the minds of the employees and key stakeholders in the external market.” The employer brand creates an image that the organization is a good place to work. This includes a covert claim that the present organization is the best as an employer when compared to all of its competitors. Employer branding can also be understood as the status of an organization that it is the best to work. The idea of employer branding was conceptualized in the late 1990s in response to the contraction of the labor markets. Since then the concept was expanded by the people management and marketing professionals. However, the concept still lacks awareness and knowledge. But it has become harder to attract talents and companies have to make long term employer branding strategies. (Taylor, 2010)

Recently, it is felt that an effective employer brand symbolizes a competitive edge in comparison to the competitors. The increasing focus on gaining a competitive edge is directing many organizations to reorganize and reinforce their employer brand. Hence, organizations are becoming deliberately tactical to employ their employer brand for the purpose of attracting and retaining talent to ensure longevity of the organization.

With the paradigm shifts in the Human Resource Practices, organizations develop an employer brand to attract and retain talent which they consider to lead to expansion and growth in business. It articulates an organization’s insight to ascertain the systems approach to HR function which would comprise of work culture, policies, attitudes and employee relationships. In this context of employer branding has emerged not only as strategic option but also a tool for value creation for the organizations. Employer branding is thus seen as an opportunity for organizations to emerge as an employer of choice.

Ambler & Barrow (1996) defined employer brand as 'employer branding is the package of functional, economic and psychological benefits provided by employment and identified with
the employing company’. Further, employer branding or employer brand management includes promotion of a understanding as to what makes the present organization different and attractive as an employer, the same has also to be communicated internally and externally. This phenomenon is called as internal and external marketing or internal and external branding. Employer branding includes three major steps. First, an organization develops a concept of the particular value it offers to prospective and current employees. This value proposition provides the central message that is conveyed by the employer brand. It is important that this value proposition has been drawn from an assessment of the aspects that makes the organization a great place to work. The second step in employer branding process deals with externally marketing this value proposition to attract the targeted job applicants. The third step involves carrying the brand "promise" made to recruits into the firm and incorporating it as part of the organizational culture (Backhaus & Tikoo, 2004)

Society for Human Resource Management elaborates the employer branding in India. The increasing focus on competitive advantage is leading many firms to rethink their employer brand. “India, Inc.”—a common term used in India to refer to India’s corporate sector—aims to positively build on opportunities as the world economy strengthens, and the employer brand is a prime example of a progressive HR practice in India. As highlighted by Indian management researcher and author Jyotsna Bhatnagar, the employer brand is an important differentiator in India for talent management. The fit between employer and employee is important.

**BFSI Sector in India**

India has emerged as one of the fastest developing economies in the world, with an annual average growth rate of 8% during the last four years. Even during the recessionary times, the Indian economy recorded a modest growth rate of 6.7% during FY09. According to the publication titled ‘**BFSI Sector in India**’ under the ‘**Dun &Bradstreet Sectoral Round Table Conferences**’ series, with a population of more than a billion and a growing per capita income, India provides a massive opportunity for the BFSI companies to expand by introducing of new products, leveraging technology, deploying innovative strategies and ramping up distribution network. In the wake of the global meltdown, the financial order all over the world is likely to transform considerably. The changing market mechanisms attached with unification and globalization will be pivotal in determining the progress of the BFSI sector in the next few
years. Leaders in the BFSI market have started revamping their strategies and goals in the form of confidence building measures and innovative financial products to match up to international competition; and it is expected that their role will be magnified manifold in leading the country’s economic development. The BFSI sector promises an affirmative progress and shall continue to contribute majorly to the Indian Economy. Hence it is one of the major sectors to study with respect to changes in the business process.

The present study focuses on the impact of the employer branding on employee attraction in selected BFSI (Banking, Financial Services and Insurance) sector. The Indian BFSI sector is huge and varied. The BFSI sector is highly associated with the economy of the country. According to a Report published by TJinsite; the Indian BFSI industry reported highest growth in demand during the month of January’13. The BFSI sector along with a few other service sectors contributed (3 to 8%) in an upward movement of the index of growth in jobs when other major sectors reported a drop in the jobs e.g. Retail professionals reported the highest downfall (52%) in the demand. Also the BFSI and Manufacturing & Engineering witnessed maximum growth (4%) in supply of talent.

With the mounting competition in the BFSI sector the banks, financial services and insurance companies chasing the benchmarked global policies to compete with global players which have consequently elevated the Indian business environment. This increased competition is not only related to the market share but is also related labor market. In such an environment, it is crucial to retain current talent of an organization and not lose it to the competitors but it is also imperative to add to the current level of talent in the organization i.e. attracting potential employee.

In the years to come Banking and Financial Services Sector is expected to change massively, and in this regard HR professionals are coming together to draw up an efficient road map for recruiting as well as retaining the right talent. In the panel discussion titled as Talent Conundrum in Financial Services Sector organized by TimesJobs.com in association with Sharda University, Chetna Malaviya, VP – HR, Edelweiss Financial Services, stated that they constantly have to keep on innovating during the hiring process, she also rightly opined that at the end, identifying the right talent is the main concern.
Vibhash Naik, VP – HR, HDFC Life, “Challenge lies in volume recruitment. We often fail to estimate if we have enough number of candidates. Though candidates are given the right company orientation, due to cultural difference or some other reason, we face a lot of attrition in our industry.” He also stated that there is a huge gap between skills required and what they actually get in the market.

Federation of Indian Chamber of Commerce & Industry (FICCI) conducted a survey in February 2009 which pointed out that Human Resource Management and Employee Retention; both are the major challenges for the banking sector. A report published by the National Skill Development Corporation (NSDC) on Human Resource and Skill Requirements in the Banking, Financial Services and Insurance Sector 2022, the employment in the Banking Sector adds to a volume of 1100,000 to 1200,000 which is 25 – 30% of the total working population in BFSI sector, employment in the Insurance Sector 200,000 to 300,000 which is 4 – 5% followed by the employment in Mutual Funds 15,000 – 20,000 which is 0 – 1% of the total working population in BFSI sector FY 2008. The report also reveals State wise distribution of human resource in banking and insurance. The corresponding figures are 13% from Maharashtra in banking, 10% Maharashtra preceded by Uttar Pradesh 12% and Andhra Pradesh 11%. By 2022, the projected growth in the human resource will reach up to 1400,000 to 1500,000 in Banking, Insurance by 350,000 to 400,000 and mutual Funds by 20,000 to 25,000.

In such a scenario the People Management practices are undoubtedly going to diversify and all the functions of HR are expected to have a new shade. BFSI sector is the vigor of Indian economy and while catering to the growing market demands the BFSI sector needs to attract and retain talent. This is one of the major challenges as well. Hence the present study aims at understanding how the employees get attracted to the BFSI sector organizations and what are the perceptions of the current and the prospective employees towards such initiatives. The research is also expected to give insights whether there is any relation between employer branding and employee attraction and how can the BFSI sector utilize employer branding practices to attract talent.