The Impact of Employer Branding on The Formation of The Psychological Contract

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Executive Summary

A knowledge economy emphasising the need for talented employees combined with significant demographical and sociological changes in society, poses new challenges for organisations. Within this complicated context characterising today’s labour market, organisations need to increase focus on employer brand strategies to attract the talented and highly skilled employees. However, in the eagerness of creating a unique employer brand and attract the talents needed, the organisations risk building expectations they are not able to fulfil after the talents enter the organisations. On this premises, the thesis set out to examine how employer branding impacts the formation of the psychological contract among potential employees in the pre-employment phase. Thus, the purpose of this thesis is to contribute to theory by extending the current knowledge of the concept within the field of corporate communication and offer organisations a deeper understanding of the application of employer branding as well as how to impact potential employees’ formation of the psychological contract.

To expand the knowledge and understanding of the research field, a literature review analysing and discussing contemporary theory is applied. Firstly employer branding is scrutinised to develop an understanding of the context from which it rises, how it generates value for organisations and the complexity surrounding the concept. Examining the evolution of employer branding raises a new discussion concerning its contemporary definition and integration in organisations. Secondly, the nature of the psychological contract as well as its context and consequences are examined before reviewing and discussing its formative process. On this outset, the theoretical contributions are discussed and compared to develop a framework depicting how employer branding impacts the formation of the psychological contract. Constituting secondary data and supporting the further research, the framework suggests that employer branding leads to employer associations, which in turn leads to elemental beliefs, associated meanings and expectations towards the employment relationship, and thus depicts the process of forming a psychological contract based on employer branding.

By applying a social constructivist research philosophy and a qualitative research design, the thesis gathers empirical data through unstructured interviews, concerning two case companies, with graduate students, chosen as the segment of potential employees in the present study. Anchored in the theoretical framework, three research hypotheses are developed to guide the data collection and frame the examination and analysis of the empirical data. The research hypotheses set forth that exposure to
the employer brand is necessary for it to have an impact, that exposure to the employer brand will lead to a certain employer associations, and that employer associations will lead to a formation of elemental beliefs concerning the employment relationship.

Examining and comparing the empirical findings prove that employer branding potentially impacts the formation of the psychological contract and that exposure to employer brand messages is a necessity, as suggested in the theoretical framework developed. Further, the findings prove that other factors in the pre-employment phase form employer associations and subsequent elemental beliefs regarding the employment relationship.

Based on a comparative analysis and discussion, the research findings and theoretical contributions are evaluated to develop the understanding of how employer branding, along with other factors impact the formation of the psychological contract and the framework is revised accordingly. Further, implications of this new knowledge and framework for organisations are included as recommendations on how to navigate and deal with the challenges posed by the rather complex labour market.

Finally, the application of the methodological choices in the thesis is evaluated and suggestions for future, supporting research perspectives to expand the current knowledge are included.

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# Table of contents

1. Introduction .................................................................................................................. 8
   1.1 Problem Statement ................................................................................................... 9
   1.2 Delimitation ............................................................................................................ 9
   1.3 Thesis Structure ..................................................................................................... 11

2. Theoretical framework ................................................................................................. 14
   2.1 Employer Branding ................................................................................................. 14
       2.1.1 The foundation of Employer Branding ......................................................... 15
       2.1.2 A Mix of Disciplines .................................................................................. 17
       2.1.3 Evolution of Employer Branding ................................................................ 19
   2.2 The Psychological Contract ................................................................................... 24
       2.2.1 Introducing the Psychological Contract ....................................................... 24
       2.2.2 Breach of The Psychological Contract ....................................................... 27
       2.2.3 The Formation of The Psychological Contract ............................................ 29
       2.3. Employer Branding and The Formation of The Psychological Contract (comparison) ........................................................................................................ 33

3. Research Method ......................................................................................................... 38
   3.1 Research Philosophy .............................................................................................. 38
       3.1.1 Social Constructivism .................................................................................. 39
   3.2 Research Design ..................................................................................................... 41
       3.2.2 Research Hypotheses .................................................................................. 43
       3.2.3 Interview Style & Technique ...................................................................... 44
       3.2.4 Interview Participants ................................................................................ 48
   3.3 Quality of Research .............................................................................................. 49
       Validity and Reliability .......................................................................................... 50

4. Case Companies .......................................................................................................... 52
   4.2 Case Company A: Arla Foods A/S ...................................................................... 53
   4.3 Case Company B: Dong Energy .......................................................................... 54
5. Analysis

5.1 Case Company A: Arla Foods

5.1.1 H1: Potential employees must be aware of an employer brand message for it to have an impact on the formation of the psychological contract.

5.1.2 H2: The interpretation of the employer brand message forms the employer associations among potential employees.

5.1.3 H3: The employer brand and interpreted associations lead to elemental beliefs about working in an organisation.

5.2 Case Company B: Dong Energy

5.2.1 H1: Potential employees must be aware of an employer brand message for it to have an impact on the formation of the psychological contract.

5.2.2 H2: The interpretation of the employer brand message forms the employer associations among potential employees.

5.2.3 H3: The employer brand and interpreted associations lead to elemental beliefs about working in an organisation.

5.3 Comparing Results

6. Comparative Analysis & Discussion

6.1 Comparative Analysis

6.2 Implications for Organisations

7. Conclusion

7.1 Future research

8. Bibliography

9. Appendices
List of Tables

Table 2.5 Types of Psychological Contracts
Table 2.7 Phases in Psychological Contract Formation
Table 2.8 Revised Pre-employment Phase in Psychological Contract Formation
Table 3.2 Research Design & Problem Structure
Table 3.4 Interview Briefing UK & DK
Table 3.5 Types of validity in Qualitative Research
List of Figures

Figure 1.1 Thesis structure
Figure 2.1 How Employer Branding Creates Value
Figure 2.2 Employer Branding: A of Mixing Disciplines
Figure 2.3 Employer Branding Process in Sustainable Organisations
Figure 2.4 Employer Brand Communication
Figure 2.6 Psychological Contract Violation Model
Figure 2.9 Psychological Contract Presented as a Schema
Figure 2.10 The Relationship Between Psychological Contracts and Employer Branding
Figure 2.11 How Employer Branding Impacts the Formation of the Psychological Contract
Figure 3.1 Problems, Method and Research Practice
Figure 3.3 Research Design
Figure 6.1 The Impact of Employer Branding and Other Pre-employment Factors on The Formation of The Psychological Contract
1. Introduction

In the era of a knowledge economy and on the verge of significant demographic and sociological changes in society, organisations stand before challenges in attracting and retaining employees. The shift to a knowledge-based economy has led to an increase in the recognition of human capital as vital to an organisation’s success and to gaining a competitive edge (Ewing et. al. 2002). Subsequently, there is a continuously increased demand for highly skilled and talented employees. Furthermore, arrays of demographic and sociological changes pose additional challenges in this war for talent, making the labour market more intense and difficult to navigate in. Demographically, larger generations of employees are soon to retire and the generations taking over are significantly smaller. Sociologically, there is a need for technology, engineering and other science-related scholars but unfortunately not enough educated within this area. Further, younger generation employees tend to change job much more frequently, which challenge organisations in terms of retaining key employees (Lodberg, 2011). Combined these challenges foster a shortage of employees and intensify the war for talent among organisations. Subsequently, to cope with these challenges organisations need to increase focus on strategies to attract and retain the talented and highly skilled employees.

With its purpose of differentiation and creating a unique employment experience, employer branding continuously gains foothold as a strategic approach to attracting and retaining employees. By emphasising benefits of being employed in a particular organisation, the employer brand presents the organisation as an employer of choice among potential employees. However, in this process of attracting employees, the employer brand often creates an avalanche of expectations towards the organisations as a workplace. That being the very essence and purpose of employer branding, it is important for organisations to understand that this type of managed communication can have consequences. In the eagerness of creating a unique employer brand and attract the talents needed, the organisation risk building expectations they are not able to fulfil after the talents enter the organisations. A risk increasing by the fact, that unmet expectations often lead to employee’s intention to leave the organisation, and thereby threatening organisational performance. Therefore, the connection between employer branding and the expectations it builds among possible employees holds the potential to forge a considerable dilemma for organisations.
1.1 Problem Statement

It is within this context and on the premises discussed above, that this thesis will investigate the actual impact employer branding has on potential employees in terms of building expectations to an organisation as an employer. A set of expectations also known as the psychological contract. The thesis will question the impact of employer branding as a vital element in the formation of the psychological contract in the pre-employment phase, and thereby also challenge the existing perceptions on the formation of the psychological contract. Thus, the thesis seeks to answer the following research question:

How does employer branding impact the formation of the psychological contract of potential employees?

1.2 Delimitation

The field of study prompts the need for a brief delimitation, as this will enable both the research and knowledge produced hereof to be more accurate. Adhering to the dilemma delineated above and inherent in the problem statement, an external perspective overarches the theoretical choices, concept focus and choice of segment in this thesis.

The theoretical field of employer branding encompass both internal and external aspects and thereby relates to both potential and current employees. However, as the dilemma delineated above is, primarily, anchored in the external communication of employer branding, the thesis will only focus on the external aspects of employer branding in examining the concept among potential employees. Thus, it posits a strong focus on employer branding as a means of attracting potential employees, which will not include the internal effects of employer branding on employees’ psychological contract. Similarly, the psychological contract is a broad theoretical field, which can be examined from both an internal and external perspective. However, in accordance with the scope of this thesis, the psychological contract as a concept will be dealt with from an external perspective. This focus is applied as the thesis seeks to examine the formative stages of the psychological contract in the pre-employment phase, which primarily takes place before entering the organisation. Additionally, it entails that the theory of the psychological contract will only be examined in terms of its formative stages in relation to employer branding and will therefore not include experiences from recruitment interview, early socialisations, or later experiences in the examination. Subsequently, the thesis will focus on the formation of the
psychological contract between individual and organisation rather than on the psychological contract between employee and manager.

The external focus outlined above, naturally affects the application of theory and choice of scholar within this thesis. Though a relatively new concept, theoretical development and academic research within employer branding has grown vastly in recent years. However, this thesis will mainly include often cited scholars such as Backhaus & Tikoo (2004), Barrow & Mosley (2005), Mosley (2007), and Gaddam (2008), as their research encompass the complexity of employer branding. Additionally, new and more critical theory (Aggerholm et. al., 2011 and Edwards, 2010) questioning employer branding and developing the existing theory will be included to expand the existing knowledge. Furthermore, the theory applied tends to focus on external aspects of employer branding adhering to the scope of the thesis.

Similarly, the theory applied concerning the psychological contract focus heavily on the external perspective i.e. the formation of the psychological contract in the pre-employment phase. Much of the recent literature within the field has examined the consequences of psychological contract breach. Therefore, to examine the concept the psychological contract and its formation, this thesis draws heavily on Rousseau (1989, 1990, 2001), one of the most prominent scholars within the field. Additionally, critical scholars (Cullinane & Dundon, 2006 and Guest & Conway, 2002) questioning existing and accepted theory is included to provide a more nuanced discussion of the concept.

The thesis sets out to examine the impact of employer branding on the formation of the psychological contract among potential employees. However, this segment is simply too broad to examine within the constraints of this thesis, and thus to produce feasible findings the scope is narrowed further. Therefore, the examination is based on two case companies focusing on employer branding towards potential employees. The theoretical section on employer branding sets forth a set of criteria to base the choice of case study companies on. This approach, similar to a case study, have been chosen as it is suitable for this type of qualitative research, where focus is on exploring a phenomenon in real life and developing new or existing theory within the area. Further, the study is comparative, in using two case companies, allowing comparison of the collected data and thereby the possibility to explore more dimensions within the field (for more on the research design, see section 2.2).

Furthermore, the segment “potential employees” is narrowed down to concern newly graduates, meaning graduate students who are on the verge of graduating or who graduate within a year. This segment has been chosen as they are likely to be affected by or notice employer branding as they are about to enter the job market for the first time. Further, the formation of their psychological contract is
not based as much on previous experiences as people who have been on the job market for several years (for more on interviewees, see section 2.2.1). Choosing this specific segment therefore limits the study and subsequent result to how employer branding impacts the formation of the psychological contract among newly graduate students. To examine how employer branding impacts the formation of the psychological contract among potential employees in general a more thorough study is required.

This research design allows enough empirical material for comparison and indication of some tendencies within its scope. However, it also limits the research to just that; indication of tendencies within this theoretical tension field. Thus, this thesis will reveal whether there is breeding ground for a larger research project to examine the aspects in more depth.

1.3 Thesis Structure

To obtain the best coherence possible, the thesis is structured into seven parts or chapters. The first part is introductory and serves to present the area of research and delimit the scope of the thesis.

Following, the second chapter constitutes a literature review as it is essential to develop an understanding of the theoretical field before developing a research design. Thus, the literature review purposes to expand the existing knowledge of the research field as well as develop current theory for the further analysis. Firstly, drawing upon existing theories, employer branding as a concept is introduced and discussed in all its complexity before a critical review of its evolution redefines contemporary employer branding. Secondly, the psychological contract is presented touching upon critiques of the concept as well as including discussions surrounding its complexity. In addition, the formative process of the psychological contract is scrutinised to develop an understanding of what elements might impact this formation and subsequently the existing theory is revised. Together, these sections create a foundation for understanding the relationship between employer branding and the formation of the psychological contract, which form the basis of the third section comparing the theories to develop a framework for the further analysis. Thus, the last section of chapter two functions to develop a framework, considered as the secondary data, enabling the gathering primary research and subsequent analysis hereof.

Chapter three consists of methodological sections purposeing to present the research methods and design employed to gather the data necessary for an examination of the problem area. The first part introduces the research philosophy underlying the thesis as well as introduces the fields of qualitative research and interview technique. Further, a second part will, in depth, present and justify the research design encompassing research hypotheses, interview technique, and interview participants. Lastly, a section
evaluates the quality of research touching upon validity and reliability as well as concerns with this type of research design.

Connected to the research design, chapter four presents the criteria for choosing case companies before introducing the two case companies and their employer brand.

Chapter five encompass the analysis of the data gathered through empirical research and is based on the theoretical framework (secondary data) developed in chapter 2. Divided into three main sections, this chapter seeks to provide empirical evidence for the relationship between employer branding and the formation of the psychological contract. The first section presents and analyses the empirical data gathered through interviews in relation case company A. Similarly, the second section presents and analyses the empirical data gathered in relation to case company B. Lastly, a comparative analysis base on the two previous sections will discuss and compare the findings to draw some general conclusions.

Following, chapter six consists of a comparative analysis and discussion concerning the impact of employer branding on the formation of the psychological contract. By comparing the secondary and primary data a discussion of the results and actual impacts of employer branding is included as well as the implications of these results for organisations.

Lastly, chapter seven forms the concluding section, which sums up the main findings and answers the research questions as well as evaluates the theoretical research approach and whether this has proven adequate to examine the problem statement. Chapter seven also includes suggestions for further research within in the research area.

The seven chapters are depicted in figure 1.1 to create a simple overview of the thesis structure.
Figure 1.1 Thesis Structure
2. Theoretical framework

In accordance with Ghauri & Grønhaug’s suggested purpose of a literature review, the purpose of this chapter is to frame the problem under scrutiny and identify relevant concepts, methods and techniques to position the study (Ghauri & Grønhaug, 2010). Thus, the following theoretical framework is proposed to expand the existing knowledge of the research field, create a common understanding of the concepts applied as well as evaluate and develop current theory into a framework for the further analysis.

In this aim, the following chapter will first introduce the concept of employer branding and the complexity surrounding the concept by examining the foundation upon which it emanates, how it generates value for organisations, and the mix of organisational disciplines the employer brand affects and is affected by. Further, a theoretical discussion concerning the evolution of employer branding sets forth a contemporary view on employer branding and presents the implications of this on a strategic and communicative level.

Secondly, the next section presents the psychological contract, touch upon critiques of the concept as well as include discussions surrounding its complexity. Further, the formation process of the psychological contract will be scrutinised in order to understand the dynamics underlying how employer branding might impact the formation of the psychological contract from a theoretical perspective.

Lastly, building upon knowledge produced in section 2.1 and 2.2., the third section 2.3 will, in more detail, compare and discuss the theoretical contributions to generate a framework of how employer branding impacts the formation of the psychological contract. This framework will be used to generate research hypotheses and is employed in the further research and analysis.

2.1 Employer Branding

“Every organisation has an employer brand. Whether you own it or not, your organisation is influencing its employer brand 365 days a year” (Minchinton & Thorne, 2007).

The recognition of employer branding as a necessary strategic discipline has increased in recent years along with the amount of research on the subject. Rising from the field of marketing and embracing various organisational disciplines such as HRM and organisational behaviour, employer branding should be regarded as a dynamic entity. Simply put, the concept of employer branding concerns attracting and retaining talented employee by employing both external and internal branding efforts (Gaddam, 2008).
As an organisational discipline, employer branding is regarded as being part of the corporate branding umbrella along with product branding. Though employer branding holds similarities with both corporate and product branding, two main differences distinguish the disciplines from each other (Backhaus & Tikoo, 2004). Firstly, the employer brand specifically relates to the employment experience in establishing the organisation’s identity as an employer. Secondly, employer branding is more complex in regards to consumers, as it is directed at both internal and external audiences, where the corporate and product branding primarily focus on external audiences (Backhaus & Tikoo, 2004).

As introduced so far, employer branding is a complex entity stretching across various organisational disciplines ranging from a strategic level to operational and tactical level. Therefore, to develop an understanding of employer branding as a holistic concept, the following sections will examine employer branding from different angles. The foundation of employer branding constitutes the context from where employer branding has risen as well as how it generates value for organisations. Further, a section looks into the many organisational disciplines involved in the employer branding process and their impact on the concept. Lastly, a critical literature review of the evolution of employer branding is applied before introducing a visual depiction of contemporary employer branding and all the factors influencing the process.

Due to the nature of the problem statement, it is important to note that, where necessary, the literature review below will focus more heavily on the external parameters of employer branding i.e. as a strategic recruitment tool rather than on the internal employer brand process. However, the internal aspect will be represented as it is important for the understanding of employer branding as a whole.

### 2.1.1 The foundation of Employer Branding

To understand the strategic intent inherent in employer branding it is important to be familiar with the context from which it has risen and developed into the recognised discipline it is today.

Since it was first coined in 1990 by Tim Ambler and Simon Barrow, as a way of combining branding techniques with human resource practices, employer branding has massively extended both in research and in number of companies applying it (Barrow & Mosley, 2005). Employer branding is anchored in the resource-based view recognising that human capital is vital for organisational success (Backhaus & Tikoo, 2004). The increased awareness and application of the concept, however, is highly contributed to past, current and future shortage of these talented employees. With a scarce talent pool, organisation will apply for candidates (use employer branding) and not the other way around (Dahlström, 2011). Whereas
the past shortage of talent was rooted on in the economic boom and subsequent low unemployment rates, today’s shortage is caused by other influences.

Today’s knowledge economy sets forth two main factors contributing to the current and especially future shortage of talented employees, namely demographic and sociological changes. Demographically, larger generations of employee are soon to retire and the generations taking over are significantly smaller. Sociologically, there is a need for technology, engineering and other science-related scholars but unfortunately not enough are educated within this area. Further, younger generation employees tend to change job much more frequently, which challenges organisations in terms of retaining key employees (Lodberg, 2011).

Especially, the knowledge-based organisations need the talented employees, as these are among the organisation’s most valuable asset and can be regarded as a competitive advantage (Ewing et. al. 2002). This is emphasised by Mosley (2007) who argue that the interest in employer branding is driven by a growing competition for the talent required by companies to realise their corporate ambitions. Therefore, organisations must differentiate themselves to attract and retain employees (Lievens & Highhouse 2003).

Thus, a shortage of talented employees combined with organisation’s need for them has created a “war for talent”, which is the main contributor in the increased application and recognition of employer branding as an organisational discipline.

**The Value of Employer Branding**

As with other branding and HR activities it is difficult to measure the actual outcome and ROI; however the business case for applying employer branding is anchored in the attraction, natural selection, and retention of employees. As discussed above, employer branding has become a vital tool in the war for talent to ensure that organisations attract talented employees and retain key employees.Externally, the employer brand functions to attract employees and to create positive associations and enhance corporate image. Further, it also functions as a “selection tool” to ensure that the right kinds of employees are attracted and that potential employee who does not match the organisations is not attracted. Internally, the employer brand generates value by creating a unifying and strong culture as well as increased employee satisfaction and commitment (Edwards, 2010., Backhaus & Tikoo, 2004., Gaddam 2008).
Thus, the rationale behind employer branding is that it will indirectly have a positive influence on organisational profitability. Figure 2.1 below depicts this indirect correlation between employer branding and organisational profitability.

![Diagram of employer branding](image)

**Figure 2.1.** How employer branding create value for organisations. Adapted from Gaddam (2008, p. 47).

Gaddam (2008) posits that the employer brand has an indirect influence on the profitability through increased performance and commitment as well as increased customer satisfaction. Additional benefits include more potential candidates, more internal recruitments, lower time-to-hire, lower cost-to-hire, lower absenteeism, increased job satisfaction and a positive spin-off effect on the organisation’s product and corporate brand (Beardwell & Claydon, 2010).

The potential positive effects of a successful brand are enticing, however, employer branding is a complex discipline positing several challenges in the environment in which it operates.

### 2.1.2 A Mix of Disciplines

As outlined above, employer branding stems from a rather complex context and encompass a multifaceted process of generating profit. This combined with the fact that employer branding is anchored in a mixture of organisational and psychological disciplines, emphasise the complexity and dynamics of the concept. To deepen the understanding of the concept, the following section will outline the many intertwined disciplines that make up employer branding.

The underlying theoretical foundation of employer branding stretches from traditional marketing and branding literature over social psychology to organisational behaviour. According to Edwards (2010, p.5) *employer branding, in its full scope, cuts across many traditional HR specialisms and becomes an umbrella programme that provides structure to previously separate policies and practices.* Thus, employer branding should be seen as an integrative discipline, which can create cohesion between different HRM practices within an organisation. Figure 2.2 depicts how employer branding is influenced by other organisational disciplines.
The figure visualises, in a very simple manner, how employer branding affects and is affected by other organisational disciplines under three main headings, namely marketing, organisational culture/behaviour, and the psychological contract. The three main heading are intertwined and cover many correlations which will be outlined below.

**Marketing and employer branding**

As employer branding is rooted within marketing theory there is a strong correlation between employer branding and marketing. As with other brands, the traditional employer brand is based upon the notion of creating brand equity through a value proposition. However, the target audience for employer branding is not consumers but potential and current employees (Barrow & Mosley, 2005). Thus, the traditional employer brand and employer brand process is build upon and traces back to product and corporate branding processes (Edwards, 2010).

Additionally, similarities appear in the research conducted on brand attractiveness in relation to the employer brand. As with product branding, employer brands and employer value propositions distinguish between functional and symbolic benefits of the brand. In this relation, employer branding theory further founded upon consumer behaviour and social psychology (Lievens & Highhouse, 2003).

**Organisational culture and employer branding**

The correlation to organisational culture theory is closely linked to idea that an organisation has a unique identity and culture. The values (symbolic benefits) connoted via the employer brand are rooted within the organisational identity and culture, and thus used to attract and retain employees (Edwards, 2011). Moreover, an important purpose of employer branding is to encourage employees to identify with the organisation and thereby increase employee commitment and loyalty (Edwards, 2011). Thus, the employer brand is build upon the idea of creating a strong organisational culture, which motivates
current employees and attract potential. Therefore, the employer brand both affects and is affected by organisational culture and identity.

The psychological contract and employer branding

The employer brand is embedded within theory of the psychological contract, its impact on the employee organisational relationship, and basic organisational behaviour theory on job motivation and satisfaction (Backhaus & Tikoo, 2004). Therefore, the correlation between employer branding and the psychological contracts is founded in the psychological motives and motivators of potential en current employees. Building on this, employer branding impacts the psychological motives of employees by applying motivational factors to attract potential employees (Gaddam, 2008). Anchored in the theory of organisational behaviour these motivators are further used to retain employees and improve organisational loyalty and commitment (Backhaus & Tikoo, 2004).

As a theoretical field employer branding still holds potential for further research because of the complexity of the discipline. Above, a brief overview of some of the most pivotal disciplines interacting with employer branding today has been outlined. If explored, more complicated link between organisational theory, psychology, marketing, and employer branding would probably be found. Much of the current research within the field is practice-oriented in focusing on how to create a strong employer brand and what which value propositions potential employee find attractive. However, contemporary research shifts focus in examining the employer branding process as a strategic and holistic discipline.

2.1.3 Evolution of Employer Branding

The introductory sections above served to improve the understanding of employer branding by presenting the founding principles of the concept and how it creates value for organisations. Further, the complexity of the concept was introduced by examining how employer branding integrates various organisational disciplines and thus becomes a mix of disciplines.

From these introductory sections, the thesis now turns to investigating the evolution of employer branding and how it has developed from when it was first coined into a strategic organisational discipline. The section will define contemporary employer branding and present these implications on a strategic and communicative level.
Defining employer branding

The definitions of employer branding have developed since it was first coined and serve as the most evident proof of the concept evolution.

The initial definition offered by Ambler & Barrow (1996) was primarily based on the traditional branding practice and proposed that employer branding is the package of functional, economic and psychological benefits provided by employment, and identified with the employing company (Barrow & Mosley, 2005). Other prominent scholars within the field build on this definition by characterising employer branding as the process of building an identifiable and unique employer identity, and employer brand as a concept of the firm that differentiates it from its competitors (Backhaus & Tikoo, 2004). Further, Sullivan (2004) added a more strategic aspect in his definition by arguing that employer branding is a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to a particular firm.

The similarities held by these definitions concern targeting current and potential employees as consumers by presenting a value offering based on tangible and intangible benefits, presenting the organisation as an “employer of choice” and thereby differentiate from its competitors. Here, the employer brand process is similar to the product brand process.

Hence, these key definitions of employer branding are rooted in the classical marketing paradigm focusing on a differentiation strategy and value offering from the organisation to a potential employee. This approach is somewhat linear in its one way communication from organisation to employee. This criticism is further supported by Aggerholm et. al. (2011) who argue that current employer branding adopts an outdated notion of brand management, rooted in functionalistic ideals and conceptualisations of the relation between employer and employees. (...) new theoretical steams within brand management, CSR and HRM emphasise processes more than a predefined outcome. The main critique of these definitions of employer branding is that they do not consider contextual factors and assume that current and potential employees will simply “accept” the brand offering. Thus, a more contemporary approach to employer branding needs to incorporate the context and sociological paradigm prevalent today.

On a philosophical level this approach is rooted in social constructivism, which set forth that individuals construct knowledge and image of reality through narratives and social interaction (Burr, 2003). Supporting this, Aggerholm et. al. (2011) state that there is a need to apply more stakeholder and relationship thinking to employer branding in support of the paradigmatic understanding of the concept within a social constructivist tradition. The employer brand should therefore be regarded as a process in which both potential employees, current employees and the organisation interact and create an employer brand image. Employer branding is no longer a “magic recruitment tool”, it is a dynamic and
strategic organisational discipline, which integrates various organisational disciplines such as HRM, management, strategic goals, CSR and marketing. Further it is a communicative discipline, which creates, negotiates and enacts long-term relationships between (potential/current) employees and organisations (Aggerholm et. al., 2011; Edwards, 2010). This thesis therefore supports the definition of employer branding offered by Aggerholm et. al. as this is contemporary in its re-conceptualisation of the traditional branding-based discipline. Hence, employer branding is defined as a strategic branding process which creates, negotiates and enacts sustainable relationships between an organisation and its potential and existing employees under the influence of the varying corporate contexts with the purpose of co-creating sustainable values for the individual, the organisation and society as a whole (Aggerholm et.al., 2011, p.113).

The following sections elaborate on the new approach to employer branding in more depth focusing on both employer branding as a strategic process and as a communicative process. Further, figures supporting this approach will be included to visualise the employer branding process.

**Employer Branding as a Strategic Process**

Along with the definition and application, employer branding has evolved into a strategic discipline and is no longer solely the responsibility of marketing department. The need for organisation to view employer branding as an integrating process is supported by Minchintong & Thorne (2007) who argue that the biggest challenge in employer branding is ownership. As it is not clear who should sponsor it, the responsibility can fall down the middle between marketing, corporate communications and HR. To succeed, it needs an integrated process link all departments (...). In addition to integrating organisational disciplines, the strategic employer brand is anchored in and supports the overall corporate strategy. Figure 2.3 depicts how the employer brand, as a strategic process, is closely linked other organisational disciplines, as previously discussed.
Further, recognising employer branding as a strategic process entails a shift from a short term solution to labour shortage into a long term strategy process covering the entire employment experience. According to Lodberg (2011) for this development in employer branding to be successful, organisations should work with several “contact points” in an employee’s journey through the organisation. Thus, the strategically anchored employer brand is consistent and relationship building from the initial awareness of the organisation throughout the recruitment process, the introduction process, the management and development in the organisation, and lastly when an employee exits the organisation.

**Communicating the Employer Brand**

The developments discussed are manifested within the communicative discipline of the employer brand. The employer brand is strategically anchored in the organisation, as the previous section outlined, and subsequently organisations’ employer brands differ in content as organisations’ identity differ. As Gaddam (2008) argues it is related to the very heart of the organisation, and involves the process of creating emotional connectivity in the heart and soul of the workforce. The employer brand will therefore provide the unique “employment experience” related to a particular organisation (Edwards, 2010).

Nevertheless, even though there is no specific recipe as to what elements the employer brand should contain, research within the area suggest elements which potential employees often emphasise as important factors in generating employer brand equity. In communicating the employer brand experience research shows that potential employee value a focus on the organisational values and the more intangible characteristics of a job. Especially, research conducted among graduate students show that this segment heavily emphasise career development opportunities and a challenging work environment. Furthermore, extremely positive depictions of an organisation in its employer brand leads to a negative perception among potential employees, who instead value accuracy in the employer brand (Berthon et. al., 2005, Moroko & Uncles, 2008., Lievens & Highhouse, 2003., Sutherland et. al., 2002). Thus, the research conducted within the field supports the ontological shift in the employment experience discussed in defining the employer branding. Especially the fact that employees are no longer defined within the Tayloristic notion of humans as raw material but recognised as meaning-making organisational citizens (Aggerholm et. al., 2011). As potential and existing employees are “meaning making organisational citizens” it is natural that they seek more self-actualising and self-satisfying component in the employment relationship (Brooks, 2009).

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1 Brand equity is the set of brand assets and liabilities linked to a brand that add or subtract from value provided by a product or service to a firm and/or that firm’s customers (Aaker, 1996). Employer brand equity applies to the effect of brand knowledge on potential or existing employees of the firm. Employer brand equity is the desired outcome of outcome of employer branding activities (Backhaus & Tikoo, 2004).
Employer branding as a communicative discipline is anchored within the organisation’s culture/identity and therefore depicts different employment experiences depending on the particular organisation. However, it is useful for organisations to incorporate motivational factors such as possibilities for career development into the employment experience and thereby into its HRM and CSR strategies. Figure 2.4 visualises how the author recognises the developed employer brand as a communicative discipline.

Figure 2.4 Employer Brand Communication (Author’s production based on Edwards (2010) and Mosley (2007))

Figure 2.4 depicts the complicated components of a communicated employer brand which all interact in creating a total employer brand experience. The employer brand experience contains three main components, the current employees, the potential employees, and the organisational strategy and identity. The employees are divided into current and potential employees because differences may appear in the internal and external communication of the employer brand and these two stakeholder groups may influence the employer brand differently. E.g. current employees may be involved in the

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2 It is important to note that the author acknowledge the social constructivist paradigm and therefore believes that the employer brand experience will differ from individual to individual and that an organisation cannot “control” the employer brand but rather offer an input into its construction.
strategic processes surrounding the employer brand or in other way have a direct influence. The organisational component consist of four element touched upon earlier, which together offer “the branded employment experience” from the organisation (Edwards, 2010). The total employment experience should be seen as an interaction between employees and the organisation and has thus moved away from linear one-way communication into an interactive communication discipline.

Part conclusion
The section above purposed to develop an understanding of employer branding by examining its founding principles, how it creates value for organisations as well as the complexity surrounding the concept. Furthermore, by examining the evolution of employer branding a new and more contemporary definition was offered as its implications on organisational strategy and communication were discussed.

2.2 The Psychological Contract

The previous section introduced the concept of employer branding from different perspectives and thus presented one of the important theoretical contributions included in this thesis. The following section presents the psychological contract, touch upon critiques of the concept as well as include discussions surrounding its complexity. Further, the formation process of the psychological contract will be scrutinised in order to understand the dynamics and understanding how employer branding might impact the formation of the psychological contract from a theoretical perspective.

In relation to the problem statement it is important to note that the following section will focus on the pre-employment phase formation of the psychological contract, while recognising that the formation occurs through various phases.

2.2.1 Introducing the Psychological Contract

The theory of the psychological contract emanates from social exchange theory suggesting that social relations always consist of unspecified obligations and unequal power balances. Prominent scholars within the field of organisational behaviour (Schein, Levinson and Argyris) applied the concept to an organisational setting and coined the term “psychological work contract” (Cullinane & Dundon, 2006). Thus, the concept of the psychological contract concerns the relation between employer and employee and the implied expectations or obligations these have to one another.

Defining the psychological contract
In spite of a growing interest from researcher within this field a universal accepted definition is not to be found. This is partly caused by differences of opinion regarding the nature of the contract and which parties to include in the psychological contract. One of the first definitions of the concept was provided by Levinson et. al. in 1962 who defined it as *a series of mutual expectations of which the parties to the relationship may not themselves be dimly aware but which nonetheless govern their relationship to each other* (Cullinane & Dundon, 2006 p. 114). Whereas this early definition focus on both parts (employer and employee) forming expectation towards each other’s behaviour, the later developments within the field emphasise the individual employee’s psychological contract. Rousseau (1989 p. 123) argued that *the term psychological contract refers to an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party.*

A revised definition offered by Rousseau (2001, p. 512), often recited by others, still emphasise the individual employee in stating that the psychological contract *comprises subjective beliefs regarding an exchange agreement between an individual and, in organisation typically, the employing firm and its agents.* Guest & Conway (2002) argued that this focus on employee views neglects the organisational perspective and subsequently offered another definition of the concept emphasising a two-way exchange approach. Guest & Conway (2002, p. 22) defined the psychological contract as *the perceptions of both parties to the employment relationship – organisation and individual – of the reciprocal promises and obligations implied in the relationship.* Thus, as this definition holds that both manager and employee develop a psychological contract, both manager and employee can experience breach of the psychological contract leading to a change in behaviour. Further dispute in defining the psychological contract concerns questioning the “contract” of the psychological contract. Can the term contract be applied if only one party or none of the parties are aware of its existence? Criticising some of the current perspectives of the psychological contract, Cullinane & Dundon (2006, p. 119) argue that the psychological contract should return to its roots and be recognised as *a social exchange interaction.*

This thesis supports Rousseau’s focus on the individual employee’s beliefs and expectations to the employment relationship, though recognising that the employer as well has certain implied expectations to the employment relationship. Further, Rousseau’s work builds upon Adam’s equity theory and an employee’s notion of exchange and fairness, in the sense that the employees expect certain “rewards” in return for his/her hard work. Thus, Rousseau argued that to enhance understanding, the psychological contract could be seen as a “special case” of equity theory (Rousseau 1989). This contribution from Rousseau has increased the understanding of the psychological contract’s impact on employee behaviour. According to Lee et. al. (2011, p 201) *Employee’s psychological contracts influence their efforts on behalf of the employer.* Thus, the psychological contract builds upon an individual’s
expectations of the employment relationship and influence how that individual behave in the organisation.

Contextual dependent psychological contracts
A brief outlining of the developments within the psychological contract content and the nature of work is important to enhance understanding of the concept. As with employer branding discussed earlier, the psychological contract emerged from a context rather different from today. The concept emerged in a context (1960’ies) where the nature of the employment relationship was much more transparent and it was common to be employed in the same organisation throughout one’s career. Within this context the psychological contract is often referred to as “the relational psychological contract”, which entails more stable and long term relations between employer and employee. Central to this employment relationship is the notion of loyalty. The concept of the relational psychological contract is still prevalent today, however it is often seen in organisation characterised by stability. The relational psychological contract consists of socio-emotional elements such as trust, loyalty and fairness (Rousseau, 1990; Edwards, 2010).

As the context developed to surround the concept “new capitalism” the nature of the employment relationship changed. Employee could no longer be certain of a “life time employment” within the same organisation and started to change job more frequently. The employment relationship is no longer characterised by loyalty, to the same degree, and employees work hard for personal gain. This employment relationship is referred to as the transactional contract. Transactional content are based on economic benefits in the form of high salary and career advancement in exchange of hard work (Rousseau, 1990; Edwards, 2010).

Finally, current debates concern an ideological psychological contract based on the employee’s expectation to entering an organisation with certain values and principals in relation to CSR. The employment relationship concerns higher employee loyalty and commitment in return of the organisation’s activities within CSR or values based goals (Edwards, 2010). Table 2.5 depicts the three types of psychological contracts under the headings “emotional currency”, “socio-emotional currency” and “ideological currency”.

Table 2.5
2.2.2 Breach of the Psychological Contract

Despite being a highly debated concept, the psychological contract and its content often only surfaces when breached and the employee/employer reacts to this. This section will touch upon the consequences of violating the psychological contract, an issue which, as above, has been widely discussed.

According to Rousseau (1989, p. 128) violation of the psychological contract is the failure of organisations or other parties to respond to an employee’s contribution in ways the individual believes they are obligated to. In other words, Rousseau argues that the psychological contract is breached when the employee experience “unfairness” or lack of achieving or gaining certain outcomes even though working towards it. E.g. an employee might believe that working extra hard will result in a promotion or bonus. Cullinane & Dundon (2006) oppose to this notion that the psychological contract breach is only caused by organisational failure. Instead they suggest that when employees experience a breach or violation it might as well be cause by false expectations to the employment relationship rather than reneging on an implied promise (Cullinane & Dundon, 2006 p. 119). Despite the cause the breach, however, it is

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These three types of psychological contracts govern are prevalent in today’s management literature and govern the employment relationship between an individual and the organisation.
important to understand what the consequences of this breach might have on the employment relationship.

Literature within in the field suggests varying degree in the breach of the psychological contract and thereby also varying consequences of the perceived breach. Morrison & Robinson (1997) distinguish between breach and violation of the contract, where the first refer to unmet expectations and the latter refer to the emotional state which may occur under certain circumstances. Rousseau (1989 p. 128) support this in stating that *responses to perceived violation go beyond perceptions of inequity and dissatisfaction to involve feelings of betrayal and perhaps frustration and psychological distress. Perceived inequity leads to dissatisfaction and perhaps frustration and disappointment.* Thus, the consequences of an unfulfilled psychological contract possess different outcomes depending on the severity (breach or violation).

According to Pate et. al. (2003) these violation and breaches of the contract may result in a number of attitudinal and behavioural responses. Following figure 2.6 from Pate et. al. (2003 p. 559), these outcomes can be manifested in lower job satisfaction, lower organisational commitment, lower organisational citizenship, or lower effort. Guest (1998).supports this by arguing that the psychological contract impacts issues such as job satisfaction, motivation, absence, and intention to quit. Thus, violating or breaching the psychological contract will affect the attitude and behaviour of employees and thereby directly or indirectly impacts on organisational performance. In a worst case scenario it can cause key employees to leave the firm or increase a bad morale.

![Figure 2.6.Psychological Contract Violation Model (Pate et. al., 2003 p. 559).](image)

Understanding that breach or violation of the psychological contract has consequences for the employment relationship is crucial for understanding the dynamics of the psychological contract. It is because of these potential consequences and their impact on the organisational culture and
employment relationship that this thesis is interested in examining possible ways of impacting the formation of the psychological contract.

2.2.2 The Formation of the Psychological Contract

According to Rousseau (1989, p. 124) the psychological contract emerges when an individual perceives that the contributions he or she makes oblige the organisation to reciprocity. However, it is the factors behind this perception that consequently forms the psychological contract.

Understanding the mechanisms in play during the formative stage(s) of the psychological contract is necessary for the further research on how employer branding impacts the psychological contract. Primarily based on Rousseau’s research, it is generally acknowledge among scholars that the psychological contract is formed through various phases and anchored in different individual preconditions and exposures.

Table 2.7 depicts Rousseau’s work on the building blocks of the psychological contract. Though perhaps a bit linear and simple framework, it has paved the way for understanding psychological contract formation and subsequently how to influence the psychological contract from a management perspective.

<table>
<thead>
<tr>
<th>Pre-employment</th>
<th>Recruitment</th>
<th>Early Socialization</th>
<th>Later Experiences</th>
<th>Evaluation (Revision/Violation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional norms</td>
<td>Active promise exchange</td>
<td>Continuing promise exchange</td>
<td>Intermittent promise exchange</td>
<td>Discrepant information leads to evaluation</td>
</tr>
<tr>
<td>Societal beliefs</td>
<td>Evaluation of signals by both firm and worker</td>
<td>Multiple sources of information from firm</td>
<td>Firm reduces its socialization efforts</td>
<td>Incentives/costs of change impact revision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Active information seeking by workers/agents</td>
<td>Changes often incorporated into existing psychological contract</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.7. Phases in psychological contract formation. (Rousseau, 2001, p. 512).
Accordingly the formation of the psychological contract occur during four phases, namely, pre-employment experiences, recruitment practices and experience, early socialisation, and later experiences (Rousseau, 2001). Supporting this division between pre-employment antecedents and actual contact with the organisation, Herriot (1992) argues that the psychological contract between individual and organisation is based on both business environment (internal factor) and social environment (external factor). The recruitment phase concerns the implicit exchange of promises and expectations between employer and employee as well as evaluation of signals, which contribute to form the psychological contract (Rousseau, 2001). It is in this phase that the employee is provided with actual information about the job content, expectations, and organisational environment, and thus based on perhaps new information the psychological contract is revised or confirmed. It is worth noting, that with today's tendencies to outsource recruitment processes to external consultants, this phase may be further complicated and subsequently affect the formation of the psychological contract.

The early socialisation phase is the employee introduction phase within the organisation and engenders a continuing process of information in relation to the employment relationship, the promises and expectations to it (Rousseau, 2001).

Later experiences often confirm the existing psychological contract, with minor revisions and changes incorporated into the existing contract. Importantly, during organisational changes such as downsizing, merging or other disturbances in the business environment causing changes, the psychological contract is "re-negotiated" or violated (Brooks, 2009). Further, minor changes in the business environment e.g. a promotion or changed job content will change the conditions for the psychological contract as well, and thus the psychological contract is not a stable entity (Herriot, 1992).

The scope of this thesis especially encompass the pre-employment phase in the formation of the psychological contract, wherefore this will discussed in more detail below and in section 2.3.

The pre-employment phase encompasses the external context and all the factors influencing the employee’s belief system. Rousseau (2001, p. 512) states that prior to employment, workers can possess beliefs regarding work, their occupations and organisations that set in motion certain responses to joining with an employer. These beliefs are, according to Rousseau (2001), based on professional norm (norms and ideologies associated with different professions) and societal beliefs (the legalism associated hereto regarding the law and its practices). Cullinane & Dundon (2006, p. 122) argue that the literature has missed out on potentially powerful sources of influence that could serve in constructing an

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3 The further complication is engenders by the fact that a potential employee might meet the external recruiters for a number of interviews before meeting with representative from the hiring organisation. Thus, the exchange of implicit promises involves several people, which might affect the employee’s expectation and formation of psychological contract.
employee’s psychological contract (...). Supporting the arguments of Cullinane & Dundon (2006), this thesis argues that the pre-employment beliefs are based on more contextual and interacting factors, than just professional norms and societal beliefs⁴, and thus extend the content of the pre-employment phase. Cullinane & Dundon (2006) contribute by including socio-political messages employees receive from what the term “the wider political economy of capitalism”. Furthermore, they argue that employee needs and expectations are often imposed by corporate values and interests, particularly through the use of advertising, marketing and deregulated and privatised market regimes (Cullinane & Dundon, 2006, p. 123). Thus, they further include items such as corporate communication and marketing as contextual factors influencing potential employee’s pre-employment beliefs. Table 2.8 depicts a revised version of the pre-employment phase in forming the psychological contract.

Table 2.8. Revised elements of the pre-employment phase in psychological contract formation.

Section 2.3 discusses in more detail how employer branding impacts the formation of the psychological contract according. However, to fully understand the formation process and how employees are disposed differently based on preconditions, a short section below will outline the mental schemas as building blocks in the formation of the psychological contract.

The mental schema(s)

The psychological contract is formed by highly complex mental models or schemas, which is influenced by the above contextual factors as well as different individual preconditions. A mental schema develops

⁴ However, it is important to note, that the thesis recognises that professional norms and societal beliefs as proposed by Rousseau (2001) are two of the influencing factors.
gradually from past experiences and knowledge and make of our prototypical ideas of e.g. professional norms. In other word, it is the development of various mental schemas which indicate the individual beliefs regarding a professional norm. Thus, a schema is made of multiple components with different linkages and different levels of abstraction; the more complex a schema is the more component and linkages among them (Rousseau, 2001). Individuals use categories to interpret the meanings of the lower level components, which in turn create a higher level of meaning (fig. 2.9, Rousseau, 2001).

![Figure 2.9. Psychological contract presented as a schema (Rousseau, 2001, P. 518).](image)

In relation to the formation of the psychological contract the elemental beliefs such as perceived promises can induce the type the employee’s perception of a transactional or relational contract, which in turn will affect the expectation to what the employee perceives as appropriate treatment in the employment relationship (Rousseau, 2001). In the pre-employment phase of the psychological contract, it is these mental schemas or model that the initial formation of the psychological contract in form of employee expectations towards the employer and employment relationship. An important point in this context is that the mental schemas between novices (newly graduates) and experts (experienced workforce) differ in their complexity. The experts have a more complex set of schemas in relation to employment, based on earlier experiences and socializations, which indicate that they are less likely to be influenced by new information more likely to resist organisational change. Novices on the other hand possess less complex schemas and often lack information to “fill in the mental models”, which makes
them more likely to be influenced by new information both prior and post to employment (Rousseau, 2001). For a more in depth understanding of an individual’s mental model or schema please turn to Rousseau (2001).

**Part Conclusion**

Above the concept of the psychological contract was introduced by examining the foundation and context it derives from. The concept was defined in a contemporary setting and consequences of violation were touched upon. Further, the formation process of the psychological contract was scrutinised to develop an understanding of its dynamics as well as how employer branding might impact it from a theoretical perspective.

**2.3. Employer Branding and The Formation of The Psychological Contract (comparison)**

The relations between employer branding and the psychological contract have been touched upon several times in the theoretical discussions above and the linkages seem invariably strong concerning both internal and external organisational aspects. Section 2.1 and 2.2 provided evidence suggesting that the employer branding discipline was impacted by the psychological contract both in its founding principles (section 2.1.2) and in the communication (section 2.1.3). Further, in section 2.2.2 it was established that marketing and communication efforts, such as employer branding, are factors influencing the pre-employment phase in the formation of the psychological contract. Building upon the existing knowledge, this section will, in more detail, compare the theoretical contributions above and upon this create a visual framework (fig. 2.11) of how employer branding impacts the formation of the psychological contract.

The link between employer branding and the formation of the psychological contract is anchored in the acceptance of a psychological contract between the individual employee and the organisation (Cullinane & Dundon, 2006; Morisson & Robinson, 1997). This enables the connection between employer branding and the psychological contract as the contract can be based on employee’s general expectations towards the organisation and the type of employment relationship the organisation offers. Further, this emphasises organisational communication as an important determinant in building the employee relations both internal and externally and thereby affect the psychological contract.

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5 In addition to the notion that the psychological contract was between the employee and the employer/closest manager.
As depicted in table 2.8, organisational communication in the form of employer branding influences the formation psychological contract in the pre-employment phase. Backhaus & Tikoo (2004) supports this by setting forth that recruitment messages, as part of an employer brand, may begin the formation of the psychological contract. Furthermore, they argue that when potential recruits are aware of an employer brand, they develop a set of assumptions about employment with the firm, which they will carry into the firm after organisational entry (Backhaus & Tikoo, 2004). Thus, the employer brand set forth certain associations about the organisation as an employer and the potential employment relationship.

Burke et. al. (2011, p. 136) draw on signally theory⁶ to explain this invariably link and thereby support the argument in stating that when an employee (or potential applicant) becomes aware of the employer brand attributes via organisation’s (...) external communications this will heighten the employee psychological contract in relation to specific content items. This entails that a potential employee will form psychological contract content and expectations based on an organisation’s external employer brand communication.

In his work, Edwards (2010) too discusses the intertwined connections between employer branding and the psychological contract and contributes by shedding an interesting light on the sort of “chicken and egg situation”. The situation occurred based on scholars debating whether the employer brand sets the psychological contracts or vice versa. He argues that advertising the employment offering is likely to drive expectations of what of what the organisation is obliged to provide for employees; however what employees get in employment and the particular content of the psychological contract will also help form the content of the employment experiences of an organisation’s employer brand (Edwards, 2010, p. 15).

To clarify the connection in a simple manner, figure 2.10 depicts how the employer brand message affects the psychological contract, which in turn affects the employer brand.

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⁶ Signal Theory builds on the basic communications principles of a distinct sender, e.g. an organisation, communicating signals or messages to a receiver, who in turn sends feedback to sender. E.g. simply put, an organisation communicates an employer brand message, the receiver interprets the message and either finds the organisation attractive or not (Connelly et. al., 2011).
Accordingly, Edwards (2010), Burke et. al. (2011), and Backhaus & Tikoo (2004) all propose that an organisation’s employer brand, when presented to potential employees, will help form the expectations and obligations towards an employment relationship with the organisation, and thereby the basic beliefs forming the psychological contract.

Thus, the connection between the employer branding and the psychological contract is enforced by the recognition of individuals building psychological contracts with organisations, which enables organisational communication to play an essential role in the formation of the psychological contract. Further, the employment brand message initiates the formation of the psychological contract through employer related associations creating elemental beliefs (expectations and obligations) towards employment relationship.

Based on the theoretical contributions above and in sections 2.1 and 2.2, figure 2.11 depicts how employer branding impacts the formation of the psychological contract in the pre-employment phase.

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Figure 2.10. The relationship between psychological contracts and employer branding. (Edwards, 2010, p 15)

Figure 2.11 How employer branding impacts the formation of the psychological contract. (Author’s own production, inspired by Backhaus & Tikoo (2004), Edwards (2010), and Rousseau (2001)).
Accordingly, the framework consists of five leading content elements comprise how employer branding impacts the formation of the psychological contract providing a simple understanding of an otherwise complex process. A dotted line indicates where in the process the beginning of the psychological contract becomes evident.

The employer brand message concern the communicated organisational employer brand to external employees, as depicted in figure 2.4. The content of this message is essentially the employer brand offering as proposed by the specific organisation, and typically comprise the functional, symbolic, and psychological benefits obtained by employment in the organisation.

The employer brand message will, when presented to potential employees, lead to certain employer brand associations, based on the individual’s interpretation of the employer brand. The type of interpreted associations depends upon the individual’s mental schema and what type of previous experiences composes the mental model. Further, the associations depend upon the individual’s existing schemas regarding other contextual factors such as culture, socio-political environment, education, and personal belief systems as well as the linkages between them.

These associations in turn lead to the development of elemental beliefs regarding the employment relationship and perceived organisational promises or obligations. The elemental beliefs are similar to those of the mental schema as proposed by Rousseau (2001) in figure 2.9 above. The interpretation of these elemental beliefs forms the basic building blocks in the formation of the psychological contracts because they determine what the employee expects at a basic level. Deciphering the elemental beliefs a higher associated meaning occurs and the employee begins to develop expectations to the type of psychological contract to be formed with the organisation, e.g. a highly result-oriented culture and set of values (communicated through the employer brand) might lead to an expectation of a transactional contract based on the quid-pro-quo exchange features.

Finally, the anticipated promises and psychological contract type association lead to an expectation regarding a potential employment relationship with the particular organisation and thus the beginning of the formation of the psychological contract. Therefore, during the pre-employment phase, employer branding directly impacts the formation of the psychological contract and thus potential employees do not enter a recruitment process without certain expectation for the employment relationship. To illustrate the process visualised in figure 2.11 above, an example is included.

Imagining an organisation which focuses heavily on CSR and sustainability related topics through their employer brand e.g. promoting a very “green” profile. This could lead to association of ethic behaviour
and sustainable business processes focusing on not harming the environment and so forth. In turn, this could lead to the assumptions or elemental beliefs that working within that particular organisation equals working in an organisation supporting environmental causes and sustainable business processes e.g. the production facilities are environmental friendly or the offices only use recycled paper. This can lead to the development of an ideological psychological contract (associated meanings) and thus certain expectations towards the employment relationship.

Another example could be an organisation focusing heavily on acquiring the best talents and on talent management. This could lead to associations of career advancement opportunities, personal and professional development, and hard work to realise this. The elemental beliefs based on this might be that hard work and delivering results will lead to career development opportunities and other talent management privileges. In turn, associating meanings to this, a transactional psychological contract might develop and set forth certain expectation to the employment relationship.

Based on the literature review and subsequent discussions, the theoretical framework above (fig. 2.11) represents the secondary data findings supporting the further research.

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7 It is important to note that the illustrations provided in the two examples are based on the author’s assumptions, world view, personal beliefs, and other pre-conditions. Another individual might interpret these messages differently.
3. Research Method

The purpose of the following chapter is to delineate the research methods employed in the collection of the empirical data needed to examine employer branding’s impact on the formation of the psychological contract.

Firstly, the research philosophy overarching the entire research process in this thesis and its implications on the research conducted are accounted for. Following, the research design will, in more detail, be outlined and justified encompassing section concerning research hypotheses, interview technique, and interview participants. Lastly, a section evaluates the quality of research touching upon validity and reliability as well as concerns with this type of research design.

The research conducted is founded in the literature review above, and thus aims to shed light on the relationship between employer branding and the formation of the psychological contract in the pre-employment phase. Thus, the research seeks to extend the theory reviewed above by basing the empirical research on the framework developed and thereby be able to either build on existing theory or develop it even further.

Before embarking on the research philosophy and design, it is important to accentuate that, as with any other research conducted, this thesis is bound by a number of common research constraints. According to Ghauri & Grønhaug (2010, p. 54), the research conducted should be effective in producing the information needed to answer the research problem, within the constraints of the researcher. Thus it is important to note that this research is limited by budget, time constraints and the diminutive research experience possessed by the author. Naturally, these constraints impact the research conducted, and will be dealt with in more detail in section 3.3 concerning the quality of the research.

3.1 Research Philosophy

Underlying the entire research process, the research philosophy presupposes the ontological, epistemological and methodological stance applied in any research conducted. In other words, applying a specific research orientation “prescribes the relationship between methods, data, theories, and the values of the researcher” (Ghauri & Grønhaug, 2010 p.14). The research philosophy will, therefore, directly impact the type and purpose of the research question, methods applied and vice versa (figure 3.1)
The scientific paradigm (research philosophy) therefore serves as a guideline regarding the choice of methods, data and theory as well as presenting the approach to reality and knowledge generation inherent in this thesis. Thus, presenting the research philosophy and scientific stance of the author is essential in order to create a common understanding of the research conducted and thereby also the knowledge produced on this basis.

The philosophy of science encompassing this thesis is the social constructivist approach to science. The primary reasons for applying this research philosophy are anchored in the research question asked and the purpose of the thesis. The research questions seek to examine how a specific phenomenon interacts with potential employees in the construction of reality or expectations of reality. Further, the purpose of the thesis is to understand how and on what basis potential employees construct their reality and thus this research approach is most suitable.

Social constructivism as a research paradigm and its subsequent research implication will be outlined in the following section.

3.1.1 Social Constructivism

Social constructivism derives from the field of social psychology and opposes to traditional psychology by questioning the concepts of essentialism and realism. At its very core, social constructivism abandons the idea of a given reality and subsequently also the idea of fixed identities (Burr, 2001). Instead, the social constructivist ontology is concerned with, as the name implies, how our reality is constructed within the tension field of culture, historical time and social engagement. Thus, our reality is constantly under construction and affected by our surroundings (Burr, 2001, Alvesson & Sköldberg, 2009). Further, at the basis of social constructivism lies the decentralisation of the human subject in regarding identity.
neither as fixed nor essential. As with reality, social constructivism holds that identity is constructed through relational process, language and social interaction (Burr, 2001., Daymon & Holloway, 2002). On this foundation social constructivist epistemology is concerned with how reality and identity is constructed by language and social engagement. Thus, social constructivist research “concerns itself with exploring the way people make sense of their worlds and how they express these understandings through language, sound, imagery, personal style and social rituals” (Daymon & Holloway, 2002:4). Further, “social constructivism take the constructive force of language as a principal assumption and it is therefore the analysis of language and other symbolic forms that is at the hearth of social constructionist research methods” (Burr, 2001:24). Social constructivist research is, therefore, especially interested in how we through language and interaction, among others, create our social reality.

Belonging to the interpretive worldview, social constructivist research seeks to examine how we create reality by applying qualitative methods. This entails a focus on words and language through e.g. discourse analysis or interviews. Further, as the social constructivist research seeks in depth understanding it often entails small scale studies in contrast to large surveys (Daymon & Holloway, 2002).

Within the same paradigm (the interpretive worldview) belongs a similar approach employing the same qualitative techniques, namely the hermeneutic research philosophy. Therefore, a brief distinction and justification of why this research discipline is not applied will follow.

Though both apply qualitative techniques in their research, social constructivism and hermeneutics differ in a number of ways. The hermeneutic research philosophy concern itself with searching for the one true meaning text. Here texts being both the literal meaning of the word text but also including social events and dialogues as text (Sherrat, 2005). Thus, hermeneutics seeks to “understand the moral, aesthetic, spiritual and historical significance of a work of a cultural context” (Sherrat, 2005). As mentioned above, social constructivists do not believe in one established truth or meaning and therefore does not seek to uncover it by means of interpretation. This distinction of the very essence behind the two research traditions is essentially why; this thesis applies social constructivism and not hermeneutics.

The purpose of this thesis is not to interpret the meaning of employer branding activities but rather to understand how individual create meaning from the employer branding activities and thereby find new ways of understanding the process of forming the psychological contract.

Therefore, the thesis adopts the social constructivist research philosophy in its examination of employer branding’s impact on the formation of the psychological contract. This research philosophy allows the thesis to examine how potential employees generate meaning and interpret employer branding activities
and subsequently how this may be a factor in the reality construction. A reality, which based on the interpreted meaning and its role in reality construction, set forth certain expectations of how an organisation is as an employer and thereby commencing the formation of the psychological contract.

The further implications of the social constructivist philosophy on the research design will be accounted for in the following section.

3.2 Research Design

*The purpose of the research design is to efficiently produce the information needed to solve the problem statement within the given constraints* (Ghauri & Grønhaug, 2010 p. 54).

As depicted above (figure 3.1) the research problem and philosophy of science directly influence the methodological choices in the research design. Therefore, to be efficient, the strategic choices of research design must match the previous choices concerning research problem and philosophy of science. Ghauri & Grønhaug (2010) emphasises this in arguing for the importance of agreement in the “problem-research design relationship”.

Ghauri & Grønhaug (2010) distinguish between three classes of research design based on the “structure” of the research problem namely the causal, the descriptive, and the exploratory research design. The choice of research design is based on the problem structure and understanding, to ensure that structured methods are applied to solve structure and well understood research problems and vice versa (Ghauri & Grønhaug, 2010).

<table>
<thead>
<tr>
<th>Research design</th>
<th>Problem structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploratory</td>
<td>Unstructured</td>
</tr>
<tr>
<td>Descriptive</td>
<td>Structured</td>
</tr>
<tr>
<td>Causal</td>
<td>Structured</td>
</tr>
</tbody>
</table>

Table 3.2 adapted from Ghauri & Grønhaug (2010, p.56)

To ensure both cohesive and effective research is conducted, an exploratory research design is applied (Ghauri & Grønhaug, 2010). The choice of an exploratory research design is based on the unstructured and complicated nature of the research problem. Mason, Augustyn & Seakhoa-King (2010) argue that an
exploratory research design is appropriate to apply when a problem is unresearched or underresearched, which to the authors knowledge is the case with the relationship between employer branding and the formation of the psychological contract. Further, exploratory studies usually aim to develop an understanding of the subject and thereby define concepts, develop hypothesis, and provide a platform for further investigation (Mason, Augustyn & Seakhoa-King, 2010 p. 434). As previously argued, the purpose of the thesis is to understand how employer branding impacts the formation of the psychological contract in order to hypothesise and theorise, and thereby contribute with new knowledge in the field.

The exploratory design is often equivalent to qualitative research methods, however it is generally accepted that other research methods such as literature reviews and quantitative methods can be included as well (Mason, Augustyn & Seakhoa-King, 2009). The thesis includes a literature view (chapter 2) to develop an understanding of the existing theoretical fields and their internal relations. The literature review functions as secondary data supporting the development and gathering of primary data through a qualitative empirical study. This is supported by Ghauri & Grønhaug (2010 p. 56) arguing that there is no reason not to use available priori information. Further, they establish that in conducting exploratory research it is natural for the researcher to operate with suspects in conducting the research (Grønhaug & Ghauri, 2010 p.56). Therefore, it is highly justifiable to include a literature review before conducting qualitative research.

A qualitative case study consisting of interviews with newly graduates and based on two case companies comprises the primary data. It is not to be seen as a typical case study e.g. examining an organisation in depth; however it is a case study examining a communicative process and its impact by applying case companies into an interview setting. Thus, the empirical research takes its outset in two case companies to be able to investigate the problem area more accurately, as discussed in section 1.2. Further, the case study purposes to increase knowledge about real, contemporary communication event in their context and is therefore highly applicable to this research (Daymon & Holloway, 2002).

The choice of applying two case studies instead of focusing on a single case design is anchored in a desire to increase validity and be able to draw conclusion and theorise based on the results. According to Yin (2003), this type of multiple-case design is to prefer over a single case design, because the analytical benefits of having two cases may be substantial. Thus, the multiple case designs enable comparison of results and thereby a more substantiated theoretical development.
Figure 3.3 depicts the research design and process applied to examine how employer branding impacts the formation of the psychological contract.

3.2.2 Research Hypotheses

As argued, this thesis takes it outset in an exploratory research design emphasising the unstructured nature of the problem allowing a degree of flexibility in the research. Consequently, as new information surfaces during the empirical research, the conclusions may change directions. Thus, it is natural to incorporate prior information in form of literature reviews and have suspects before embarking on the collection of primary data (Ghauri & Grønhaug, 2010). Based on the literature review and subsequent secondary data provided in chapter 2, research hypotheses (suspects) have naturally evolved prior to the empirical research.

Based on the secondary data provided by figure 2.11, three hypotheses or propositions are presented as prerequisites enabling employer branding to have an impact on the formation of the psychological contract in the pre-employment phase. The three hypotheses encompass the essence of figure 2.11 and together they form the basis for gathering primary empirical data about the research problem.

**H1: Potential employees must be aware of an employer brand message for it to have an impact on the formation of the psychological contract.**

At the very basis of examining how employer branding impacts the formation of the psychological contracts lie the awareness of the employer brand. As argued above and supported by Backhaus & Tikoo (2004), it is when potential employees are exposed or presented to the employer brand it will have an impact in relation to the psychological contract. Table 2.8 proved that other factors in the pre-employment phase have an impact on the attitudes towards an organisation as well, and therefore it is important to uncover through the research whether potential employees have been exposed to the
employer brand. This will partly be exposed by uncovering what potential employees based their thoughts and attitudes on.

**H2: The interpretation of the employer brand message forms the employer associations among potential employees.**

The individual interpretation or understanding of the employer brand message will form ideas or associations about the organisation as an employer. Based on personal beliefs and individual mental schemas potential employees will react differently to the employer brand. To uncover these associations a focus on initial thoughts on an organisation and comparisons (what is the organisation compared to in explaining attitudes and thoughts) are necessary.

**H3: The employer brand and interpreted associations lead to elemental beliefs about working in an organisation.**

This hypothesis presupposes that potential employees will have elemental beliefs or ideas about how it is to work for an organisation prior to employment. It further suggests that these elemental beliefs are based on the employer brand and the individual’s interpretation of the employer brand. Factors comprising elemental beliefs regarding potential employment at an organisation include beliefs about job content, autonomy, salary, recognition, culture etc. The, the research will seek to uncover whether potential employees hold beliefs prior to employment and what these are based on.

The following research and interview technique is conducted based on the three research hypotheses described as well as figure 2.11.

### 3.2.3 Interview Style & Technique

With the purpose of facilitating reliable qualitative research anchored in the exploratory research design and effectively uncovering the research problem, a qualitative research interview is applied. The decision to obtain primary data through qualitative interviews is highly supported by scholars within the research area. According to Kvale (2007) the research interviews concern uncovering the interviewee’s lived everyday world. Thus, the interview is a uniquely sensitive and powerful method for capturing the experiences and lived meanings of the participant’s everyday world (Kvale, 2007, p.11). The interview allows and opens up for the participants to share how their world is lived and how meanings are constructed. In other words, the interview format is effective because it is flexible and allows you to understand the perspectives of the interviewees (Daymon & Holloway, 2002). Therefore, the interview
as research instrument has been deemed highly suitable in examining how employer branding impacts the formation of their psychological contract among newly graduates.

Interviews as a qualitative research instrument encompass a continuum of interview types ranging from the structured, over the semi-structured to the unstructured interview. The structure of the interview types concern how fixed the interview questions are, in what order they are posed and how the interviewees are able to respond. The unstructured interview is applied in this research for a number of reasons. Firstly, the unstructured interview matches the previously discussed explorative research design perfectly. Supporting this, Kvale (2007) argues that the explorative interview is an open interview with little pre-planned structure. Further, the unstructured interview format allows the interviewer to follow the interest and thoughts of the interview participants as they relate to their own thought processes (Daymon & Holloway, 2002). This highly supports the purpose of the research conducted, namely to examine and understand the participants thoughts process in the formation of the psychological contracts in the pre-employment phase. Thus, the unstructured interview enables the research to effectively uncover the research problem by generating rich data on the relation between employer branding and psychological contract formation. The unstructured interview will, however, be guided by an aide memoire ensuring that the hypothesis or research suspects are uncovered through the interview and thereby heightening the quality of the primary data.

Before going in depth with the aide memoire and interview technique, it is important to mention that the interviews are conducted in Danish and not English. It was decided to conduct the interviews in Danish because the interview participants are all Danes and may not possess the necessary English competencies required in an interview setting. It is important that the interview participants feel free to express their thought from a “top of mind” approach, which falls easier in a person’s native language. Furthermore, the subjects to be touched upon can be somewhat delicate in relation to job expectations and attitudes towards organisations and therefore the interview participants might be more comfortable to express these in a native language. Thus, the decision to conduct the interviews in Danish is based on heightening the quality of the primary data collected. However, the aide memoire and briefing developed as well as the applied quotes have been enclosed in both Danish and English. The author is aware of the possible misconceptions arising in a translation, however has to the best ability tried to avoid these.
Aide memoire
As outlined, the unstructured interview does not entail a list of predetermined questions and therefore does not include the usual interview guide. Instead, the interview is initiated with a general question and guide by an aide memoire. The aide memoire is a short list of topics or questions to be covered during the interview and to help the interviewer focus on the problem area throughout the interview (Daymon & Holloway, 2002).
Thus, an aide memoire supporting the explorative research design and anchored in figure 2.11 and the research hypotheses presented above was developed. The aide memoire developed for this research is enclosed in appendix A.

The aide memoire enclosed in appendix A consist of an initial question and the aide memoire of topics and questions to be covered. Further, the aide memoire is provided in both a Danish version and an English version, as discussed above. The Danish version has been employed during the interviews. The first set of UK and DK aide memoire concern case company A: Arla Foods whereas the second set concern case company B: Dong Energy. The case companies are deliberately separated although the questions are the exact same, to try to separate the interview participants thoughts and feelings regarding the two companies as much as possible. It is recognised that this separation can be difficult to uphold during the course of the interview.
Common for the questions asked during the interview is that they are open-ended questions, and if not elaborations on answers will be required, and together they cover the hypotheses outlined above and the different elements of figure 2.11.
The initial question8 is an open question provided to start the interview participant’s thought process in relation to attitudes, beliefs, expectations and what these are based on. Therefore, it is crucial to let the participants talk as much as they possible can before asking for further elaborations or examples. Further, this question is supposed to uncover possible employer associations and what these associations are based on (H1 and H2).
Question 19 can be applied whenever necessary during the interview and functions to uncover what the participants base their thoughts, associations, beliefs on. Further, it is a tool to help them elaborate on their answer. The question also purposes to examine whether the interview participants have been presented to the employer brand, what their associations are based on, and from what they develop the elemental beliefs they mention, and thereby incorporate elements from figure 2.11 as well as H1, H2, and H3.

8 Can you tell me what you think about Arla Foods A/S as a work place? (Appendix A)
9 What do you base your knowledge or assumptions on? (Appendix A)
Question 2[^10] is an interdependent question in the sense that it cannot be asked without a follow up by posing either question 1, 4 or 5. The question purposes to start the interview participant’s thought process and elaborate on attitudes and beliefs. Therefore, it covers the dimension of “elemental beliefs” and partly “employer associations” from figure 2.11.

Question 3[^11] is an assisting question, which can be asked if necessary. The purpose of the question is to uncover the potential elemental beliefs of the interview participants and what these are based upon. By adding elaborations and examples this question can uncover whether the elemental beliefs initially are based on the organisations employer brand. Questions 4[^12] and 5[^13] are applied to remind the interviewer to continuously try to uncover the underlying reasons for the associations and beliefs.

To initialise the interview a short briefing concerning the background and purpose of the research was provided (see table 3.4). This briefing was provided to, firstly, uphold the ethical standards of informed consent in an interview situation (Kvale, 2007). Secondly, the briefing serves as a part of setting the interview stage and building a comfortable atmosphere for the individuals to open up about their thoughts and attitudes in relation to the subject. By informing the interview participants what the purpose of the interview is and what the answers are used for, the participants know what to expect and can be more comfortable in sharing thoughts.

<table>
<thead>
<tr>
<th>Briefing UK</th>
<th>Briefing DK</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have asked you to participate in this interview as part of my research for my master thesis in corporate communication. The purpose of the interview is to understand how you relate to my two case companies as workplaces and on what basis your attitudes and thoughts have developed. The interview is, of course anonymous, you will not be mentioned by name but categorised as an interview participant.</td>
<td>Jeg har bedt om at du deltager i dette interview som et led i min undersøgelse til mit speciale inden for virksomhedskommunikation. Med dette interview vil jeg gerne prøve at forstå, hvordan du forholder dig til mine to “case” virksomheder og på hvilken baggrund du bygger dine tanker og antagelser. Interviewet er selvfølgelig fortroligt, og du vil blive anonymiseret i specialet.</td>
</tr>
</tbody>
</table>

Because the unstructured interview format in many ways is similar to a conversation, it is important not to disrupt the interview participant’s flow of thoughts by asking too many probing questions (Kvale, 2007).

[^10]: Would you like to work there? (Appendix A)
[^11]: How do you think it would be to work there? (Appendix A)
[^12]: Ask for elaborations (appendix A)
[^13]: Ask for examples (appendix A)
2007). The interviewer will therefore attempt to participate in the conversation while keeping the overall purpose in mind, namely to uncover whether the participants form associations and elemental beliefs towards an organisation and what these are based on.

Thus, as argued above the unstructured interviews and subsequent aide memoire will provide the basis for gathering the empirical data needed to answer the research question.

### 3.2.4 Interview Participants

Selecting interview participants for qualitative research is guided by its underlying principle of obtaining rich, in-depth information. The method coined purposeful sampling entails that the selection of interview participants is based on the purpose of the study (Daymon & Holloway, 2002). Thus, with the purpose of examining the how employer branding impacts the formation of the psychological contract among potential employees, a specific segment of potential employees is selected. As mentioned earlier, the segment of potential employees in this study is narrowed to “newly graduates”.

This set forth that the interview participants included must be graduate students who are about to graduate or who will graduate within a year. In relation to theoretical aspects of the formation of the psychological contract, this segment has a less complex mental schema, which makes them more likely to be influenced by new information prior to employment (see section 2.2.2). Thus, in examining the impact of employer branding in a psychological contract perspective, this segment is less likely to be biased based on prior experiences. Choosing this specific segment therefore limits the study and subsequent result to how employer branding impacts the formation of the psychological contract among newly graduate students.

Besides being newly graduates, the interview participants are all business students representing different business educations; however they are not representative for the entire segment of business students.

The study includes 5 interview participants allowing the interview to go in more depth with the areas if necessary. According to Kvale (2007), it is a common mistake to think that many interview equals more scientific results. Instead he recommends choosing 15+/- 10 participants, equalling 5 – 25 participants, based on the type and purpose of the research conducted.

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14 The interview participants cover the following educations: M.Sc in Strategy, Organisation, and Leadership, Cand. IT, MA in Corporate Communication
The interviews are set at locations chosen by the interview participants to make them feel more comfortable and more likely to open up about attitude and behaviours towards the case companies. The participants often chose a setting or meeting room situated around their university.

The interviews are not fully transcribed, however audio files are enclosed in appendices J, L, N, P & R and direct quotes applied are enclosed and translated in appendices I, K, M, O & Q. It was decided not to transcribe the interviews because the purpose and further analysis of the material does not concern linguistic analysis such as discourse analysis. Instead the analysis is concerned with how the interview participants related to employer brand, employer associations and elemental beliefs in relation the two case companies. It is recognised that the translation and analysis of quotes might be affected by the author’s construction of reality as argued in section 3.1.1.

### 3.3 Quality of Research

Above the research design and subsequent methods applied to examine the problem have been accounted for, however to ensure that the research conducted is applicable in other contexts it is important to consider the quality of research. Thus, this section evaluates the possible drawbacks, critiques of the research choices as well as its validity and reliability.

As argued earlier, natural constraints of time, budget and experience of the researcher set forth a set of implications on the research conducted.

The application of the unstructured qualitative interview was deemed most suitable in relation to the purpose of the research and problem area; however the drawback of unstructured interviews is that, while generating the richest data, it has a high dross rate, especially if the interviewer is less experienced (Daymon & Holloway, 2002). Furthermore, the inexperience of the interviewer has influenced the length of the interviews conducted in the sense that they could have been even more elaborative. However, it is evaluated that the interviews provided enough rich information about the subject to be included; they just require larger focus on the interpretive skills of researcher in the analytical phase. Additionally, it is important to mention that qualitative interviews cannot be subject to an accurate measure in relation to the length of the interview, the interviews are as long as they need to be to produce the knowledge wanted (Kvale, 2007).

The interviews conducted purpose to uncover complex mental processes, which the interview participants cannot necessarily distinguish from each other. Therefore, it requires highly interpretive
skills to examine which of the elements of the framework or hypotheses the interview participants comment on.

The qualitative research approach holds its limitations, as well as all other approaches, and is commonly criticised for being too subjective (Daymon & Holloway, 2002). Though inherent in the purpose of the research approach, it is important for the researcher to be aware of his/her own bias in the conduction and subsequent analysis of the interviews. As argued for in section 3.1, this thesis is anchored in the social constructivist research philosophy, and thus the researcher is aware of her own co-creation of reality in the interview process as well as during the analysis. The interpretation of the data collected is therefore anchored in the author’s world view, and might be slightly different if interpreted by another researcher.

**Validity and Reliability**

The concept of validity and reliability is applied to determine the quality of the research conducted. However, the concepts derive from and have been developed to measure quantitative research approached, and cannot be directly applied to the qualitative research setting (Daymon & Holloway, 2002). Therefore, the following section will comment on the concepts modified to apply to qualitative research.

Ghauri & Grønhaug (2010) emphasise four genres of validity in qualitative research, which is accepted as appropriate measures of validity in this thesis (depicted in table 3.5). Further, they emphasise that it is important to demonstrate validity throughout the research process (Ghauri & Grønhaug, 2010).

<table>
<thead>
<tr>
<th><strong>Descriptive Validity</strong></th>
<th>The degree to which the actual descriptions holds true.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interpretative Validity</strong></td>
<td>Concerns the quality and correctness of the interpretations.</td>
</tr>
<tr>
<td><strong>Theoretical Validity</strong></td>
<td>Concerns the adequacy of the theory suggested.</td>
</tr>
<tr>
<td><strong>Generalisable Validity</strong></td>
<td>The extent to which the study can be generalized to other settings.</td>
</tr>
</tbody>
</table>

Table 3.5 Types of validity in qualitative research. (Adapted from Ghauri & Grønhaug, 2010 p. 210)

The research conducted in the thesis demonstrates interpretive and theoretical validity by enclosing the audio files of the interview conducted. This way others are able to judge the interpretations made by the researcher and thereby improve validity. Further, by incorporating detailed information regarding research philosophy, research design, and data collected enable the possibility for others to examine the
interpretations and theories derived from these (Ghauri & Grønhaug, 2010). Thus, the trail of evidence provided in the chapter above and enclosed in appendices I - R demonstrates and improves validity. Furthermore, in relation to generalisability these research findings cannot be transferred onto another setting, as the case study approach is bound by time and place and only examines the world view of the interview participants in their contemporary context. Thus, it is very likely that the finding cannot be transferred.

As with research validity, reliability is not fully applicable to the qualitative setting. Reliability refers to the extent to which a research instrument or method will produce the same results when applied again. As argued, inherent in the nature of qualitative research lies subjectivity and the researcher as the primary instrument, and therefore the qualitative research cannot be replicable. Therefore, qualitative research calls for modification of the concept to be able to demonstrate reliability, a modification termed an “audit trail” (Daymon & Holloway, 2002). The audit trail entails the detailed description of the research philosophy and its implications on the research conducted as well as the reasons for adhering to this research philosophy. Further, it entails the detailed research design concerning research approach, interview technique, and interview participants delineated above as well as the arguments for applying these techniques. Lastly, the audit trail concerns the audio files and translated quotes in appendix I and J. The intention of this audit trail is to allow other observers or researcher to follow the same process and be able to interpret the results (Daymon & Holloway, 2002).
4. Case Companies

This section purposes to introduce the case companies and their way of applying employer branding, as these are cases from where the interviews take their outset. Thus, the case companies function as examples of the relation between employer branding and the formation of the psychological contract. To ensure that the case companies are applicable examples a few criteria for selecting case companies are set forth.

Founded in the literature review on employer branding in chapter 2, the following criteria for choosing case companies are set forth.

First and foremost the case companies included in the primary research must have an explicitly communicated employer brand as presented in section 2.1.3. To revisit, the communicated employer brand tend to involve an organisation’s tangible and intangible employment offering as well as aspects of the organisation’s image and identity and be communicated through sophisticated communication campaigns (Edwards, 2010). The employer brand is often communicated through a specific “career section” on the organisation’s website, physical employer brand material such as pamphlets, brochures, posters etc. as specially selected places e.g. universities. Additionally, magazines, newspapers, and job sites are obvious places employer branding campaigns will be displayed.

Thus, the case companies must have an explicitly communicated employer brand to be a valid case study for the collection of primary data.

Further, the case companies must display obvious interest in the segment the interview participants represents, namely newly graduates. This heightens the possibility that the interview participants have been “exposed” to the employer brand and thereby support the gathering of primary data. Thus, part of the communicated employer brand must be targeted at newly graduates.

The companies are large DK based companies, which increases the likelihood of the interview participants being acquainted with the companies.

Arla Foods A/S and Dong Energy are, based on the criteria, chosen as case companies. Both companies apply employer branding and have succeed with it, as they are both ranked on Universum’s (2012) list of ideal employers among business students 2012. This increases the likelihood of the interview participants knowing of the companies and the chance that they have been presented to their employer brands. However, the author recognises the research constraints by choosing companies that have already been deemed popular to work and the possibility of this lowering validity of research.
The following sections will, in more detail, describe how Arla Foods and Dong Energy apply employer branding.

4.2 Case Company A: Arla Foods A/S

Arla Foods (Arla) is a global dairy concern and limited liability company owned by Danish, Swedish, and German milk producer/ farmers. With production in more than 13 countries and offices in 20 countries, Arla employs over 17,000 employees. Its vision is to become the leading dairy company in Europe, which is reflected in their use of corporate communication, marketing and employer branding (Arla, 2012).

Arla communicates their employer brand to potential employees in the graduate segment through their company website as well as through partnerships with a career centre and participation in career related events. The following will shortly describe the content of Arla’s employer brand as well as how they fulfil the criteria above.

Arla clearly communicates the aspects of employer branding depicted in figure 2.4 to potential employees. The employer brand is anchored in the organisational identity and values of “closer to nature” (appendix B). This identity is depicted at the very core of their employer brand “be a force of nature”, a value proposition which surrounds the entire employer brand experience including psychological contract content, existing employment reputation, and symbolic and instrumental characteristics (appendix C, screen dump I, II, III). Additionally, organisational values “lead, sense & create” represents the psychological contract content, organisational identity, and symbolic and instrumental characteristic (appendix C, screen dump IV).

Further, the employer brand emphasise career development opportunities by highlighting international careers, careers and a Future15 Graduate Programmes, and thereby relates to the interview segment in thesis, which as discussed in section 2.1.3 (communicating the employer brand) value career development opportunities. Lastly, a degree of accuracy related to the aspects of psychological contract content is present as potential employees can “meet Arla employees” and read their testimonies as well as examine whether Arla is right for them (appendix C, screen dump V, VI).

To fully understand the content and value of Arla’s employer branding a thorough examination including discourse and rhetoric analysis would be required.
Thus, Arla applies all aspects of the organisational dimension in branding an employment experience to potential employees, and therefore explicitly communicates an employer brand. Further, being one of the large DK based companies, the interview participants are likely to know of the company.

Lastly, Arla targets part of the employer branding to newly graduate students by promoting their graduate programme “Future 15” (appendix D). In addition, Arla holds a partnership with a career centre at Aarhus University and participate in career related events aimed at graduate students, which emphasises their interest in interview segment (appendices G & H).

Therefore, Arla fulfils all the criteria set above and is deemed applicable as case company for the primary research examining the how employer branding impacts the formation of the psychological contract.

4.3 Case Company B: Dong Energy

Dong Energy (Dong) is one of the leading energy groups in Northern Europe, approximately 6,400 employees, and has its’ headquarter situated in Denmark. The business is based on procuring, producing, distributing, and trading in energy and related products. Dong’s ambitious vision of providing clear and renewable energy is manifested in the corporate values and reflected through corporate communication, marketing, and employer branding (Dong Energy, 2012).

As Arla above, Dong communicates their employer brand to potential employees in the graduate segment through their company website as well as through partnerships with a career centre and participation in career related events. The following will shortly describe the content of Dong’s employer brand as well as how they fulfil the criteria above16.

Dong displays several of the aspects from figure 2.4 through their employer brand communication on the “career section” on their website. Firstly, the organisational identity and values (result-oriented, responsive and responsible) are highly emphasised through the employer brand slogan “ambitious people moving energy forward” (appendices E & F). Further, the values responsibility and responsiveness are emphasised in Dong as a “workplace” and “a meaningful job” (appendix F, screen dump III, IV, V). The organisational identity is therefore displayed through the employer brand. Additionally, the sections “working at Dong”, “Explore your opportunities”, and “meet our people” emphasise accuracy and psychological contract content (appendix F, screen dumps III, VI, VII) The symbolic and instrumental

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16 To fully understand the content and value of Dong’s employer branding a thorough examination including discourse and rhetoric analysis would be required.
characteristics are communicated through the “workplace” sections balance, flexible benefits, health, and job satisfaction as well as the section “ambitious people” (appendix F, screen dumps II & IV). Thus, Dong applies aspects of the organisational dimension (fig 2.4) in branding an employment experience to potential employees, and therefore explicitly communicates an employer brand. Further, as Arla it is one of the large DK based companies increasing the likelihood of potential employees in the interview segment being acquainted with the organisation. Fulfilling the last criteria, part of Dong’s employer brand is targeted at newly graduates through their yearly graduate programme (Appendix F, screen dump VIII & IX). Additionally, Dong is a corporate partner at the career centre at Aarhus University and participate in career related events aimed at graduate students, which emphasises their interest in interview segment (appendices G & H).

Therefore, Dong fulfils all the criteria set above and is deemed applicable as case company, along with Arla, for the primary research examining the how employer branding impacts the formation of the psychological contract.
5. Analysis

The following chapter purposes to analyse the empirical material gathered and thereby examine how
employer branding impacts the formation of the psychological contract among the interview segment.
Anchored in the theoretical framework developed in the literature review above (fig. 2.11), the analysis
will examine the data according to the three research hypotheses to develop a deeper understanding of
the role employer branding plays in formative stages of the psychological contract in the pre-
employment phase. Thus, the analysis will contribute to theoretical development and understanding of
psychological contract formation in the pre-employment phase as well as how employer branding
impacts this.

The following analysis is divided into three main sections. Firstly, the empirical data will be examined and
in relation to case company A, outlined and discussed under the heading of the three research
hypotheses. Secondly, the data relating to case company B will be analysed and discussed under
subheading corresponding with the three research hypotheses, as above. Lastly, the analyses and
subsequent results will be compared to draw some general conclusions concerning the impact of
employer branding on the formation of the psychological contract.

In the following the five interview participants have been anonymised and will be referred to as
Participant A, B, C etc., abbreviated to PA, PB, PC, PD, PE. Further, the researcher will be abbreviated to I
(interviewer), if included in quotes below.

5.1 Case Company A: Arla Foods

The following section will analyse the empirical data collected in relation to case company A under the
subheadings of the three hypotheses, as described above.

5.1.1 H1: Potential employees must be aware of an employer brand message for it to have an impact on the formation of the psychological contract.

Relating to the previously developed framework, it was identified that potential employees must be
aware of or have been exposed to the employer brand message for it to have an impact. Thus, through
the empirical research, this first hypothesis purposed to uncover whether the interview segment had
been exposed to the employer brand messages from Arla and to what degree it had made an impact on
them.
The empirical data proved a variety of exposures and experiences on which the employer associations and subsequent elemental beliefs derived from. However, in relation to the employer brand message two main exposures were instantly recognised by the interview participants, namely the graduate programme and company visits.

The graduate programme was explicitly mentioned when asked what the interview participants based their initial thoughts about Arla as a workplace on. PC argued that her initial assumptions about Arla were primarily based on the graduate programme and the demands for applying for it:

> It’s mostly based on the graduate programme that they have (...) (appendix M, quote 1; appendix N, #01.28-01.33#)

Further, participants A, B, and E state that they have been exposed to the graduate programme, in relation to employer branding, which led to different assumptions about Arla.

> I do not think of the Graduate Programme as something for me (...) I have this idea that it is only for the, like, really skilled students (appendix I, quote 1; appendix J, PA1: #02.32–02.49#).

> I remember that they have this graduate programme, which is very focused on management, and I find that very interesting (appendix K, quote 1; appendix L, #01.09-01.20#)

> (...) but especially the development opportunities for newly graduates entering the organisation, they (red. Arla) have a graduate programme (appendix Q, quote 1; appendix R, #01.12-01.19#)

As the above quotes show, the participants all recognise Arla’s graduate programme and have therefore been exposed to one of the employer brand messages from Arla. However, as the hypothesis state, potential employees must be aware of the employer brand message for it to have an impact on the formation of the psychological contract. Though the interview participants mentioned Arla’s graduate programme several times, and, as the further analysis will show, recognised bits and pieces, it seems as if, it is the mere presence of a graduate programme and the association this gives rather, than Arla’s specific graduate programme that provides the base of associations. Thus, it might be a mixture of employer brand messages and what was earlier coined professional norms (section 2.2.2), which the
interview participants base their association on. Nevertheless, the interview participants have been exposed to or know of Arla’s graduate programme and thereby one of Arla’s employer brand messages.

Furthermore, the second contributor to employer brand exposure was company visits. Some of the interview participants have either visited Arla as part of a student event or met Arla employees at career related event at their school. As argued by Backhaus & Tikoo (2004, p. 513), organisation can use employer branding as an umbrella under which they can channel different employee recruitment and retention activities. Backhaus & Tikoo hereby recognise that employer branding extends beyond communication campaign and involves other activities such as company visits or career related event with potential employees. Therefore, when the interview participants have been engaged in company visits and career related events, it is recognised as part of the organisation’s employer brand activity and consequently employer brand message.

Participant A explained that her associations and beliefs regarding Arla’s work environment was primarily based on a company visit where the surroundings and milieu made an impression.

(...) I have been there (red. Arla), FACCA\textsuperscript{17} arranged an event, where we visited them, and their headquarter has become really exquisite now, and it is very much like, it is in some way very informally build with lots of colours, and there is a cow standing in the hall and things like that, so it seems very casual (appendix I, quote 2; appendix J, PA1: #01:40- 02.07#)

As discussed in section 2.1.3, displaying organisational culture is an important part of branding the total employment experience, and the cultural artefacts displayed along with the way the office environment is build, is a display of the organisational identity and culture. Therefore, PA builds her employer association on part of Arla’s employer brand message.

Further, participant D have encountered Arla employees at different career related events, which plays an important part of what her employer associations are anchored in.

It is my impression that they are very good at employer branding, and it is based on this that you get the impression that it is a good place to work. They are good at telling about how nice it is to work there, and tell about what values they look for in the individual employees (...) they are good at engaging employees in different

\textsuperscript{17}FACCA (Finance and Consulting Club Aarhus) is a Danish student offering, among others, career related event to students. See more at: http://www.facca.dk/home.
events to tell about Arla as a workplace (appendix O, quote 1; appendix P, #4.44 –
5.13#).

PD has been exposed to the employer brand messages through activities such as career events and lays heavy emphasis on the fact that it is actual Arla employees who describe the workplace. The other participants do not mention being involved in or remembering employer branding activities as the above mentioned. PB vaguely remembers them being involved in a career event:

(...) I think they have been at the school to some sort of event ...? (appendix K, quote 2; appendix L, #03.39 – 03.44#)

The exposure to the employer brand in relation to career event has played a role to some of the interview participants, and thereby seems coincidental. Nevertheless, it is through the graduate programme and career event that the interview segment has been exposed to Arla’s employer brand messages. Therefore, based on the analysis above and the contributors identified, the interview participants have the necessary pre-requisites to interpret employer associations and build elemental beliefs anchored in Arla’s employer brand.

**Part conclusion**
The participants have to some extent been exposed to the employer brand messages from Arla, either through the graduate programme or through career events. Both employer brand activities and communication have made an impression on the participants, which to some extent is what they base their further employer associations and elemental beliefs on.

5.1.2 H2: The interpretation of the employer brand message forms the employer associations among potential employees.
The purpose of this section is to examine on what basis the interview participants build employer associations about Arla as an employer, and through this uncover to what extent the individual interpretation of the employer brand message impacts these associations.

As mentioned in the previous section, the empirical data provided evidence for a variety of exposures and experiences upon which the employer associations and subsequent elemental beliefs derived from. The analysis of the empirical data proved that potential employees, at least the interview participants, all have explicitly stated employer associations. Thus, the data proved a beginning of the formation of the psychological contract in the pre-employment phase. However, only some of the associations are directly
based on the employer brand exposures delineated above. The following will account for the associations directly derived from the employer brand message, but also examine other factors creating employer associations, as these will be important to the further comparative analysis and discussion.

The data provides clear evidence for employer associations emanating from interpretations of both the graduate programme and the career events discussed above. The graduate programme presents Arla as a place for talented and highly skilled employees as well as a “good place to work” because of the strict demands set forth to be considered for a graduate position in the organisation. PA and PC argued that the graduate programme directly led to the assumptions of Arla being a place for the very talented and skilled employees, and thereby an unattainable workplace.

I have this idea that it is only for the, like, really skilled students (appendix I, quote 1; appendix J, PA1: #02.32 – 02.49#).

When asked to elaborate on what “really skilled” students meant, PA argued as follows, proving that the graduate programme set forth employer associations.

Students with high grades (...) and who are able to pass all these, I think they have this very though process you have to go through to be employed (appendix I, quote 3; appendix J, PA1: #03.06 – 03.21#).

Additionally, PC stated that the graduate programme was unattainable and only for the very skilled students.

For my part, I think that I see them as sort of unattainable. At least to some extent, you have to be really really talented to be able to work for Arla. (...) it is mostly based on the graduate programme that they have (...) it makes me think of them as a positive work place, a good work place because they are able to make the demands that they do(appendix M, quote 2; appendix N, #01.10 – 02.09#).

The quote above emphasises that because the graduate programme is only for the most talented students (according to PC), PC directly associates Arla as being a good place to work. Here it is interesting to see that the employer associations are based on the graduate programme and subsequent employer brand inherent in this. Supporting this argument, PB argued in the section above (5.1.1) that the graduate programme focused on management, and thereby found the workplace attractive.
Offhand, it’s positive. I think there are many opportunities, I remember that they have this graduate programme which is very focused on management, (...) and I find that very interesting (appendix K, quote 3; appendix L, #01.01 – 01.20#).

In addition, PE explains that the fact that Arla has a graduate programme proves that they take students seriously and provides development opportunities for the graduates who enter the organisation. The quotes above provide evidence for how employer brand messages can, through interpretation, generate employer associations among potential employees. Thus, the employer brand message, in form of the graduate programme, set forth certain employer associations among the interview participants.

Besides the graduate programme, the empirical data showed that the career events contributed to the generation of employer association among the interview participants. The two participants A and D, who in the section above proved to have been engaged in a company visit and career event, have to some extent, build employer associations based on these. From PA’s description about the company visit it is obvious that the interpretation of this experience (employer brand message) has led to certain employer associations:

(...) it is in some way very informally build with lots of colours, and there is a cow standing in the hall and things like that, so it seems very casual. They do not seem like the types who wear a tie and suit, and pointy shoes, a that is what it is based on (red. the company visit) (appendix I, quote 2; appendix J, PA1: #01:40 - 02.07#)

The quotation clearly proves that PA has generated associations about Arla having an informal work environment. Additionally, PD directly stated above (section 5.1.1) that Arla is good at communicating employer branding and thereby you get the impression that it is a good place to work. Therefore, PD obviously also generates employer associations based on career events. Furthermore, PD’s statements display assumptions about Arla as an honest employer based on what an Arla employee has communicated at these career events:

They are so devoted to employer branding and “walk the talk”. (...) We actually do what we say we do, I have heard their HR Consultant repeat that so many times, this is really something they care about (...) (appendix O, quote 2; appendix P, #06.55 – 07.07#).

Therefore, based on what employees have said at career events, PD has generated employer associations about Arla as a workplace. The interview participants clearly showed that the employer
brand messages they have been exposed to, have generated employer associations towards Arla as an employer.

However, as mentioned above, a variety of other pre-employment experiences contribute to the formation of employer associations and elemental beliefs, and not only the employer brand communication and activities. This is important to include in the analysis as it lays the foundation for the further comparative analysis and discussion about how employer branding impacts the formation of the psychological contract.

Divided into four categories, additional experiences have been identified as important to the foundation employer association and elemental beliefs emanate from.

**Size**

The size of the organisation played an important role in the assumptions about Arla and what it would be like to work there. PA and PB argued that because it is a large organisation, there are many different career opportunities and career advancement opportunities (appendix J, # 00.50- 01.01”; appendix L, #01.33-01.35#). PC states that the size of the organisation is important in relation to work environment and the employer relationship:

\[\text{You hope that you are capable enough to be able to work such a large company (...) and when the company is that big you just know they have to be really good at taking care of their employees (appendix M, quote 3; appendix N, #03.30 – 04.07#).}\]

Further, the size of the organisation naturally set forth assumptions about diversity as well as being a good place to work. PA states:

\[\text{(...) it is actually a really really big company, where they need many employees with many different backgrounds, and when I think of that, I think of them as a good place to work (appendix I, quote 4; appendix J,PA1: #0..50 – 01.01#).}\]

Based on the statements above, it can be deduced that the size of the organisation is important to how potential employees make assumptions about an organisation as an employer. Therefore, the size of the organisation naturally set forth certain associations about the company as an employer.

**Media**

How Arla is presented in the media is another factor influencing the generation of employer associations. PA directly stated that the media is one of the factors contributing to how the employer associations are
formed. Further PB argued, using a reversed logic, for her associating Arla as a good place to work by stating:

(...) I have not heard anything negative. You could say that in relation to, I you think of the media, then there have been much negative publicity about many companies and with Arla, in particular, I don’t think I have noticed anything (...) (appendix K, quote 4; appendix L, #02.15 – 02.25#).

Supporting this point of view, PE argues that Arla has been portrayed as a good employer comparing them to LEGO and others who have been awarded “best place to work” nominations (appendix Q, quote 11; appendix R, #02.43 – 02.55#). The interview participants are used to the media portraying organisations who either behave unethically or display CSR values by creating a good work environment for their employees, and have therefore incorporated this into the way they construct social reality and assumptions about potential employers. This could be the reasoning behind the quote above stated by PB. Therefore, the way the organisation is portrayed in the media and its general reputation play a crucial role in forming employer associations about an organisation.

Marketing

The heading marketing encompasses commercials, corporate communication, and branding through e.g. the use of logos, all of which have impacted the interview participants’ employer associations towards Arla. PA’s tendency to associate Arla with an informal, relaxed, and good work environment is build directly on marketing efforts:

Their advertisements – they are these very bright, light, and nice, casual advertisements (appendix I, quote 5; appendix J, PA1: #04.22 – 04.30#).

Further, in comparing Arla’s logo with Dong’s, adjectives such as sweet, blue, nice and flowery are used to describe Arla. Thereby, the organisational identity of being closer to nature (appendix B) displayed through corporate communication play a role in forming PA’s employer associations about Arla. Further, the connotations above correspond with the associations PA described after a company visit to Arla and based on this experience (appendix I, quote 2; appendix J, #01:40- 01.59#). In addition emphasising the effect marketing and corporate communication have on building these employer association, participant E offer a flow of thoughts displaying the impact very well:

You see these advertisements but they mostly concern cows and fields and green thing and things like that (...) and already here you associate it with something
positive (...) and that is why you get a good impression of the company (appendix Q, quote 2; appendix R, #03.57 – 04.11#).

(...) you see cows grazing and a farmer telling people about these cows and how well they are treated. And that is part of it, you think people who treat animals well must treat their employee well (appendix Q, quote 3; appendix R, #04.16 – 04.28#).

Here, PE offers an insight into how the potential employee’s interpretation process of a communication message can occur. It is obvious that the signals and messages displayed in the advertisement (emphasis on nature) create positive associations in PE’s interpretation process. Especially PE’s interpretation and linkage between a farmer treating the animals well equals the organisation treating employees well is an interesting perspective. The interview participants evidently prove that more general marketing and communication efforts have an impact in the formation of employer associations. The further implications of this finding will be discussed in more detail in section 5.3 and chapter 6.

Word Of Mouth (WOM)

Lastly, the fourth identified factor contributing to building employer associations among the interview participants is categorised as word of mouth. Several of the interview participants build employer associations based on what they have heard from friends and acquaintances, who either work at Arla or who have applied for a position there. PE substantiated her positive associations of Arla with descriptions provided by friends who work at Arla:

All the people you know who have either worked there or have had anything to do with (...) well it seems as if is it a serious work place and that they treat their employee well and as far as i have heard the salary is good as well (...) (appendix Q, quote 4; appendix R, #00:59 - 01:12#).

Accordingly, word of mouth is a factor in building PE’s association about Arla as a serious and good workplace. Further, PD’s knowledge and assumptions about Arla are based on a friend’s employment experiences:

One of my closest friends works there and he is really happy to be there, so that is also why I have a good impression of Arla (appendix O, quote 3; appendix P, #05.20 -05.30)
Both of the interview participants exemplified above have positive attitudes towards Arla as a potential employer based on what they have heard from friends. Therefore, anchored in the interview participants statements, word of mouth seem to be a strong factor influencing employer associations.

**Part conclusion**

By examining the empirical data gathered several factors were identified as contributors to building employer associations. The research hypothesis claiming that the participants’ individual interpretation of employer brand messages formed employer associations was verified through the interviews, however others pre-employment experiences played a crucial role in the forming these associations as well. The employer brand set forth associations based on the graduate programme and experiences from company visits. The other four factors identified, either emphasised these associations further or contributed with additional employer associations. Thus, the analysis proved that employer branding partly contributes to forming employer association and that the size of the organisation, the media, marketing and word of mouth was additional factors forming associations as well.

### 5.1.3 H3: The employer brand and interpreted associations lead to elemental beliefs about working in an organisation.

The two previous section concluded that the interview participants was exposed to the employer brand message to some extent at least, and that they have formed employer associations based on this message as well as on other factors. Anchored in the framework developed in section 2.3 this third research hypothesis set forth that employer associations will lead to elemental beliefs regarding the employment relationship. Thus, it presupposes that potential employees hold elemental beliefs prior to employment, this assumption was verified through the empirical data as all interview participants held elemental beliefs regarding an employment relationship at Arla. Further, the empirical data proved that these elemental beliefs were based on the employer association delineated above and thus based on both employer branding messages and subsequent interpretations of these as well as on other pre-employment experiences. The following section purposes to examine and present how these associations lead to elemental beliefs about working in an organisation.

In analysing the empirical data, several clusters of elemental beliefs and expectations about the employment relationship were identified. Further, it was identified that these elemental beliefs were
Based on employer associations described above and therefore these associations do lead to the beginning of the formation of the psychological contract.

Based on a company visit and subsequent employer associations PA provides evidence for this connection by stating:

*I definitely will not rule out that it could be interesting to work there once, because it sound as if they have a good environment, and it seems that have some great tasks and that it is a good company to work for (appendix I, quote 6; appendix J, PA1: #01.23 – 01.32#)*

Based on this company visit PA has build expectations surrounding the work environment, the type of assignments employees work with as well as the general employee satisfaction with the workplace. These expectations equal the previous descriptions of what elemental beliefs concerning an employment relationship constitute and can therefore be seen as evidence supporting the hypothesis. Further, when asked about the initial thoughts of being a graduate at Arla PA stated:

*I think that they (red. Arla) will make sure that you taken care of and that you know what to do, how to do it and that you get the guidance and support needed (appendix I, quote 7; appendix J, PA1: #03.48 – 03.55#).*

Accordingly, the quote proves that associations about the graduate programme leads to expectations towards the introductory phase of the employment (when entering the organisation) and expectation about how Arla approaches new employees and thereby indirectly the work environment at Arla (they will support and guide you). However, these beliefs are partly based on PA’s thoughts derived from the company logo and advertisements as stated above. Further, PB supports this argument in expressing that the graduate programme and the associations connected to this emphasised a focus employee development, management, and innovation (appendix K, quote 9; appendix L, #02.40 – 03.07#). Here, associating the graduate programme with management led to elemental belief that Arla focuses on managing and developing employees. Lastly, the analysis of PC’s statement proved that the graduate programme and subsequent associations of it only being for the highly skilled and talented graduates, led to the belief at Arla is workplace focusing on employees and appreciating employee:

*A good place to be and someone who takes care of and appreciates their employees, and you are well paid, and all these thing you want when enter the labour market as a graduate (appendix M, quote 4; appendix N, #02.11 – 02.26#).*
The above quote shows that PC has build elemental belief regarding the work environment, culture and salary expectation based on the graduate programme and the associations derived from the employer brand message. Therefore, the empirical data provides evidence for a linkage between employer brand messages, associations interpreted through these and the formation of elemental belief regarding the employment relationship.

**Word of mouth**

As previously mentioned, the empirical data proves that other factors are related to building employer association and it is therefore natural that these factors lead to expectations towards the employment relationship as well. Besides marketing, as mentioned above, the data proved that word of mouth is a significant factor in building elemental belief based on employer associations among the interview participants. The initial statement from PD when asked about Arla as a workplace was positive based on the way they treat their employees as well as the employee benefits they provide:

(...) It is a really good work place, the employees are treated well, they have a lot of benefits, I just heard that Arla hired a nurse, a physiotherapist and a masseuse for their employees (...) I heard that from one of my colleagues (appendix O, quote 4; appendex P, #01.03 – 01.36#).

This statement from PD emphasises how word of mouth has had a direct influence on the employer associations and elemental beliefs. It is obvious PD expects that Arla is an organisation caring about employee health and provide a wired range of employee benefits. Additionally, PE supports these belief about the work environment and employee benefits based on how friends employed at Arla have described the company as well as how the company is presented in the media (appendix Q, quote 11; appendix R, #02.38 – 02.45#). Anchored in this, PE clearly shows expectations and elemental beliefs regarding the work environment at Arla:

When you hear about the employee benefits (...) and how their managers are, it is not like they breathe down your neck, it is very casual out there, if you a good employee then you left alone to do your job, (...) I have not heard that they are harsh on their employees (appendix Q, quote 5; appendix R, #02.08 – 02.28#).

Accordingly, the quote emphasises the elemental beliefs PE holds in relation to the work environment at Arla and subsequently the employment relationship. Thus, word of mouth and the associations based on this communication has proved to be essential in building elemental beliefs about the employment relationship among the interview participants.
Part conclusion
By examining the empirical data, evidence was identified proving that the interview participants hold elemental beliefs regarding the employment relationship and thus proved the beginning of the formation of the psychological contract as outlined in figure 2.11. Further, it was identified that these elemental beliefs to some extent are based on the employer associations identified in the previous section and thereby on Arla’s employer brand message. It was, however, also found that some of the elemental beliefs are based on other factors in the pre-employment phase, especially word of mouth proved to be a significant factor.

5.2 Case Company B: Dong Energy

The following section will analyse the empirical data collected in relation to case company B under the subheadings of the three hypotheses, as described above.

5.2.1 H1: Potential employees must be aware of an employer brand message for it to have an impact on the formation of the psychological contract.

As previously argued, for the employer brand to have an impact on the formation of the psychological contract, they must be exposed to it. The empirical research purposed to uncover this first hypothesis by examining whether the interview participants had been exposed to employer brand messages from Dong and to what extent it had an impact.

In examining the empirical data it was discovered that only some of the interview participants have been exposed to the employer brand message, others only on a very small scale or not at all. Among the participants explicitly describing Dong’s employer brand messages or activities the graduate programme and company visits/events are the primary elements.

The graduate programme was only recognised by two of the interview participants, the remaining were either not aware of its existence or it was not “top of mind” in relation to the associations towards Dong as a workplace. PD expressed knowledge of the graduate programme and actually applied for one of the graduate positions (appendix O, quote 8; appendix P, #12.15 – 12.17 #).

Further, PB argued that her initial assumptions about Dong as an employer were based on the graduate programme and the demands for applying for it:
(...) I have heard a little bit about their graduate programme and the way you apply (...) (appendix K, quote 5; appendix L, #06.02 – 06.08#).

Here, PB expresses knowledge of the employer brand in form of the graduate programme and the procedures for applying, which proves the exposure to an employer brand message. Further, PD has directly or indirectly been exposed to the employer brand, when applying for a graduate position at Dong. Therefore, the empirical data proves that the graduate programme, as a form of employer brand communication have made an impact on some of the interview participants.

Further, the second element proving exposure to employer brand messages was company visits or events. It was established in section 5.1.1 that career related events such as company visits are recognised as part of the organisation’s employer brand activity and subsequent employer brand message. In this particular case, the employer brand activity manifests itself in a concept known as “job shadow” where a student is able to shadow an employee at a given company for one day to experience what type of career and work environment the given company offers. This concept is recognised as an employer brand activity on equal terms as company visits and other career related events.

PD was one of the students who participated in this type of company visit and stated:

I have actually visited Dong (...) the career center has this job shadow event, and here I visited an employee at Dong (...) (appendix O, quote 5; appendix P, #08.04 – 08.16).

Additionally PE has visited Dong, though in another context, this unique way of displaying cultural artifacts can be seen as a branding initiative.

I have been at Dong’s office once for a workshop (appendix Q, quote 6; appendix R, #07.47 – 07.50#)

Through the company visits the interview participants have been exposed to Dong’s employer brand by showing off the office environment Dong “communicates” part of the organisational identity and culture.

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As previously argued, this display of organisational culture and identity is one of the essential elements in branding the total employment experience, and therefore a powerful tool in employer brand communication.

The experiences mentioned prove the extent to which the interview participants recognise Dong’s employer brand. Some of the participants do not mention being involved in or remembering employer branding activities, as the above mentioned. PA remembers them being involved in a career event, however it does not seem as if it had deep impact:

I have not seen them be super active in terms of employer branding (...) they do participate in Company dating\(^19\) though (appendix I, quote 8; appendix J, PA2: #00.51 – 01.08#).

As proved in the analysis above, the exposure to Dong’s employer brand can be divided into the group who have been exposed to it and a group who is not aware of it. This proves a lack of general knowledge of the employer brand among the interview segment. Nevertheless, those who have been exposed to the employer brand express great familiarity and, as the further analysis will show, have been impacted by Dong’s employer brand. Therefore, based on the analysis and the two contributors identified, some of the interview participants have the necessary pre-requisites to interpret employer associations and build elemental beliefs anchored in Dong’s employer brand.

**Part conclusion**
The above analysis of the empirical data proved that only some of the interview participants have been exposed to Dong’s employer brand messages. Among the participants explicitly describing Dong’s employer brand messages or activities the graduate programme and company visits are proved to be the primary elements of exposure.

**5.2.2 H2: The interpretation of the employer brand message forms the employer associations among potential employees.**

This section purposes to examine the employer associations held by the interview participants to determine on what base these associations are build, and through this uncover to what extent the individual interpretations of the employer brand message impacts these associations. The hypothesis

\(^{19}\) Career related event for students. For more information see:
presupposes that potential employees hold employer associations towards an organisation, which was verified through the gathering of the empirical data. Thus, the data proved a beginning of the formation of the psychological contract in the pre-employment phase. However, only some of the associations are directly based on the employer brand exposures delineated above. This is anchored in the fact that only a few of the interview participants were exposed to the employer brand messages. Though not being exposed to the employer brand, all of the participants have explicitly expressed employer associations, and therefore the analysis will examine what these emanate from, if not the employer brand. Thus, the following will account for the associations directly derived from the employer brand message, but also examine other factors creating employer associations, as these will be important to the further comparative analysis and discussion.

The empirical data provides evidence for employer associations emanating from the employer brand messages in form of the graduate programme and company events. The graduate programme and subsequent assessment process created an assumption of Dong being a professional result oriented organisation. When informed that Dong does have a graduate programme, PA immediately connected this to the following employer associations:

\[
\text{I will bet that they have some tough assessment tests to become part of their graduate programme and employed in general, and again, that says something (...) that they are someone really who wants to move forward, we need some results (...) (appendix I, quote 9; appendix J, PA2:#04.00 – 04.27#).}
\]

Here, PA builds employer associations connoting a though and result oriented workplace based on the graduate programme and assessment of candidates in relation this graduate programme. Therefore, PA shows indications of building employer associations based on an employer brand message. However, initially PA had no awareness of Dong having a graduate programme for students; this naturally came up during the course of the interview. Thus, the associations of Dong as an employer in this regard are more likely to be build upon a mixture of other pre-employment experience, with a special emphasis on the element “professional norms”, presented in section 2.2.2. In addition to PB also set forth certain employer assumptions based on the graduate programme, with a heavy emphasis on the assessment process:

\[
\text{But also a very professional workplace and I think that maybe I have seen that in relation to their advertisements, and I have heard a little bit about their graduate programme and the way you apply (...) they (red. Dong) do a lot to find the right}
\]
employee, you have to be talented and they have high demands (appendix K, quote 6; appendix L, #05.55 – 06.22).

Here, PB display employer associations concerning a professional workplace based on the graduate programme as well as advertisements and word of mouth. PB therefore builds associations towards Dong as an employer based on a mixture of pre-employment experiences, and not the employer brand alone.

Further, only one interview participant seems to build employer associations based on company visits, the second element of employer branding the interviewees were exposed to. The positive associations relating to Dong is not based on the company visit alone, though, they are also formed based on word of mouth:

*Besides, I know one of the graduates in Dong, and he has only spoken really positive about Dong as a place to work, and after visiting this employee at Dong (red. Job shadow), I also have a really good impression of Dong, really* (appendix O, quote 6; appendix P, #08.40 – 09.00).

It is obvious that PD has formed a positive image of Dong as an employer based on the job shadow experience as well as on what a friend working there has expressed about the work environment. As above, the employer associations relating back to the employer brand is therefore based on a mixture of pre-employment experiences and not directly on the employer brand message. In fact, the analysis of the empirical material proves that the employer associations towards Dong are more likely to be based on a variety of elements in the pre-employment phase, described in section 2.2.2. This tendency questions to what extent the employer brand has an impact in the formation of the psychological contract, as the analysis concerning this second case company proves an emphasis on other elements instead of the employer brand.

As the other elements in the pre-employment phase have an impact on the formation of employer associations, these will be included in the analysis as well. Divided into four categories, as in section 5.1.2, these additional experiences have been identified as important to the foundation employer association and elemental beliefs emanate from.

**Industry & Size**

The industry Dong operates within as well as the size of the organisation has proven to have a great impact upon the employer associations formed. As was identified with Arla, the size of the organisation
tends to be associated with success and therefore also a good work environment with development opportunities for employees.

*Offhand, it positive because it is Dong, again it is a large company so they have to do something right (appendix M, quote 5; appendix N #07.24 – 07.37#).*

*I that as soon as it is a large company, you know that there are many opportunities (appendix K, quote 7; appendix L, #06.58 – 07.03#).*

Here, the size of Dong signals success and thereby creates a positive image as an employer in the mind of potential employees. The size of the organisation as a factor in building employer associations is interesting, because the size increases the likelihood of potential employee knowing of the company, however in this case it does not seem to increase the likelihood of the potential employees knowing of the employer brand messages.

Additionally, the examination of the empirical data proves that the industry Dong operates within creates certain association about the organisation as an employer. PC’s and PA’s thoughts about Dong as an employer provide a good example of this tendency:

*PC: Yes, (...) it just because they work with energy, then it seems as something which is important to the world (appendix M, quote 6; appendix N, #08.16 – 08.38#).*

*Offhand, I imagine that it is very focused on numbers, (...) it probably because of what they do (...) (appendix I, quote 10; appendix J, PA2: #01.49 – 02.04#)*

Here, the industry and product of the organisation form associations about Dong as an employer. PC associates Dong with innovation and a future oriented perspective based on the fact that they produce energy, without actually knowing what type of energy they produce. PA on the other hand associates Dong and this type of industry with crunching numbers and is therefore not positive towards applying for a job there. Additionally, PE’s previous experience from the same industry has impacted the initial attitude towards Dong:

* (...) I have worked in the energy industry once, and in that connect I got the impression that especially the sales department, dealing with private customers, can be a little bit aggressive and you now “irritating telemarketing types”, and*
that is why I have not association the company (red. Dong) with anything positive  
(appendix Q, quote 7; appendix R, #07:22-07.45#).

Here PE draws upon existing mental schema in relation to personal experience from the same industry to build associations regards Dong as an employer. Thus, the quotes demonstrate how the industry and product of an organisation can have an impact on the formation of basic assumptions and employer associations.

**Marketing**

In addition to the industry, PA also forms associations based on marketing efforts in the form of Dong’s company logo:

(...) Dong is tougher, it red and black, and the letters are all squared (appendix I, quote 11; appendix J, PA1: #06.32–06.36#).

This quote demonstrates how PA associates Dong with a more firm organisational culture in comparison to Arla’s logo. The wording harsh, red, black, and square all provide evidence for an association of a firm culture and thereby association of a firm employer. PA therefore substantiates her employer associations based on the visual expression of the organisations. As covered above, PB vaguely argues for building associations of professionalism based on advertisements, otherwise marketing is not a crucial factor to any of the other interview participants.

**Media**

Above it was proved that PA’s formation of associations are anchored in marketing efforts and the industry Dong operates within, however these element should be combined with how Dong has been portrayed in the media, as this largely impacts the association’s PA hold towards dong as an employer.

It’s based on the scandal that has been in the media (...) on the contrary, you heard about men, who have been wilful, who have feathered their own nest, and thing like that (...) so perhaps an emphasis on more monetary values (...) and therefore you think of them as more male dominated, they probably do smile as much (appendix I, quote 12; appendix J, PA2:#02.16–03.00#)

As the quote demonstrates PA builds very strong employer associations based on the media’s depiction of the scandal. The associations mentioned all contribute to the idea of a very firm organisational culture focused on monetary and so called male values. Thus, these associations show a tendency to form elemental beliefs about the work environment and thereby the beginning of the formation a
psychological contract. Therefore, in the case of Dong, the media play a role in forming employer associations among potential employees, and thereby prove that other pre-employment experience than employer branding impact the formation of the psychological contract.

WOM
This section has previously touched upon how word of mouth led to the interpretation of employer branding elements in forming employer associations through the graduate programme as well as career events. Both PB and PD are familiar with the graduate programme, partly, based on descriptions from friends as identified in the previous section, and both build strong employer associations based on these statements, which proves that word of mouth is an important factor in build employer associations. Further, PE supports this by stating that her positive assumptions about Dong are largely based on statement from friend and earlier colleagues.

(...) I have many positive thing sort of like “word of mouth” from friends and previous colleagues (...) (appendix Q, quote 8; appendix R, #07.16 – 07.22#).

Accordingly, word of mouth is a factor in building PE’s association about Dong as a positive and good workplace. Therefore, anchored in the interview participant’s statements, word of mouth seems to be a strong factor influencing employer associations.

Part conclusion
The above analysis of the empirical data provides evidence for several factors in the pre-employment phase impacting the employer associations build towards Dong as a workplace. The research hypothesis claim that employer association are build on individual interpretation of employer brand messages. However, in the case with Dong the empirical data proved a very weak linkage between the employer brand message and subsequent employer associations, all associations were partly influenced by other factors as well. Instead the element of size and industry proved to have a large impact on the employer associations build, which might be connected to the fact that most of the interview participants have not been directly exposed to the employer brand message and therefore build associations on other factors in the pre-employment phase. Thus, the analysis above shows that potential employee hold very strong employer associations but they are not necessarily anchored in employer brand messages.
5.2.3 H3: The employer brand and interpreted associations lead to elemental beliefs about working in an organisation.

The section above concluded that only a few of the interview participants were exposed to Dong’s employer brand and subsequently only a few were able to build employer associations based on these messages. The analysis of the third research hypothesis will examine whether potential employees have formed elemental belief based on employer associations and to what extent these beliefs are anchored on Dong’s employer brand.

As above, this research hypothesis presupposes that potential employees hold elemental beliefs regarding the employment relationship before entering an organisation, through an examination of the empirical data, the presupposition was verified. The following will outline these elemental beliefs as well as examine on what basis these are formed.

By examining the empirical data, several clusters of elemental belief and expectations about the employment relationship in Dong were identified. Corresponding with the results of the analysis above, only very few have formed elemental beliefs based on the employer brand and subsequent employer associations. However, a heavy emphasis on elemental beliefs based on other pre-employment experiences was identified, and prove very valuable to understanding the formation of the psychological contract in the pre-employment phase.

Based on the employer brand and employer associations delineated above, PB and PD have formed elemental beliefs regarding a potential employment relationship in Dong.

(...) its under control, things have to be orderly, and in relation to employees, I imagine that there is a lot of focus on the individual employee in relation to one’s own process and development (appendix K, quote 8; appendix L, #08.10 – 08.33#).

My impression of Dong is that there is a huge difference, depending on what department you work in, but in this particular department (...) I got the feeling that they really liked it there (...) (appendix O, quote 7; appendix P, #09. 05 – 09.33#).

The quote above are the only elemental beliefs detected, which indirectly derives from Dong’s employer brand messages in from of the graduate programme and experiences from the company visit (Job Shadow). Based on PB’s existing knowledge and partly on word of mouth, PB has formed expectations concerning the management culture and personal development within the organisation. Very characteristically of a graduate programme, PB’s elemental beliefs concern career development
opportunities within the organisation. Additionally, PD’s elemental beliefs are anchored in a company visit and concern the organisational culture and the expectation that because of the size of the organisation, the different department have different cultures. Thus, the quotes evidently prove that PB and PD hold elemental beliefs and expectations regarding the employment relationship in Dong anchored in their exposure to the employer brand.

Furthermore, the empirical data prove that the interview participants hold elemental beliefs regarding a possible employment in Dong based on the associations and sources of these associations described in the previous section. Based on the industry and size, both PC and PE prove to have clear expectations towards Dong as an employer. PC argues that the size of the organisations play an important role in how Dong treats their employees.

(...) again it is a large company so they have to do something right, and then I just optimistically assume that they take good care of their employees (appendix M, quote 7, appendix N, #07.25 – 07.42#).

The quote demonstrate how PC holds positive associations about Dong based on its size and subsequently how this leads to the expectation that employees are treated well in this organisation. Additionally, PE has clear expectations towards Dong as well, based on the previous experience with the industry and associations build on this experience:

I imagine that you are measured, if you are in the sales the department, that you are measured according to more performance parameters than if you were at Arla, and I have the feeling that the management make more demands to both employee and managers (appendix Q, quote 9; appendix R, #09.46 – 10.10#).

(...) I do not think that there is room for differences but I do not have anything concrete to base it on, I just do not think that it is as casual in some way (...) I imagine that you are place closer to your boss, so in that sense you are supervised more than at Arla, I imagine (appendix Q, quote 10; appendix R, #10.23- 10.46#)

Here, PE shows expectations regarding the management style, the expectation towards employee results, the general work environment, and the organisational culture in Dong. Having previous experiences with the industry along with these expectations proves how important the individual mental schema is in forming the psychological contract, especially if the potential employee has not been exposed to the employer brand.
The last elements detected in forming elemental beliefs based on employer associations are media and marketing, in form of the company logo. As above, PA forms basic expectations towards the employment relationship based on Dong’s logo and how the media has portrayed the organisation.

*My impression of them (red. Dong) is that it is a male dominated company with suits, and men, where everything happens really quickly, and you are talented and there is a deadline to be kept and you are not taken as much care of (appendix I, quote 13; appendix J, PA1: #05.58 – 06.15#).*

(...) *so perhaps it proves that the environment is a little bit tough, that it is every man for himself, you look after yourself (...) (appendix I, quote 14 appendix J, PA2: #02.13 – 02.43#).*

The connotations PA has derived from the company logo as well as how Dong has been portrayed in the media have created an expectation about a tough work environment where every man is for himself. Thus, the quotes demonstrate how PA has formed elemental beliefs concerning the work environment in Dong based on associations generated above.

**Part conclusion**

The analysis of the empirical data proved that the interview participants have formed elemental belief concerning the employment relationship in Dong. It further proved, that these expectations are heavily anchored in the associations the individual interview participant have towards Dong. However, the analysis also proved that the employer associations and elemental beliefs based on the employer brand were only present among those who were exposed to the employer brand message.

Therefore, it was also proved that if potential employees have been exposed to the employer brand messages and subsequently have based associations towards an organisation on these, the elemental beliefs regarding an employment relationship will be anchored in this. Thus, the beginning of the formation of a psychological contract was proved, and the impact of employer branding on this established.
5.3 Comparing Results

This section purposes to compare the results of the two analyses above in order to draw some general conclusions as to how the analysis of the empirical data contributes to the understanding and theoretical development concerning employer branding and its impact on the formation of the psychological contract. To ensure coherence, the following section will compare the results of the analyses according to the three hypotheses before drawing some general conclusions.

Hypothesis 1: Employer brand exposure

The first research hypothesis set forth that potential employees must be exposed to an organisation’s employer brand in order for it to have an impact on the formation of the psychological contract. By analysing the empirical data relating to both case companies, it can be concluded that this first hypothesis serves as a prerequisite for the impact of employer branding on the formation of the psychological contract.

In the case of Arla, the interview participants were exposed to the employer brand in the form of company visits and the graduate programme. It was proved that both employer brand messages had an impact on the further formation of employer associations and elemental beliefs. Thus, case company A verified this hypothesis positively. However, in the case of Dong, most of the interview participants were not exposed or recognised the employer brand, in fact, only two interview participants recognised the employer brand. Among the participants explicitly describing Dong’s employer brand messages or activities the graduate programme and company visits are proved to be the primary elements of exposure. This tendency was apparent in the further analysis of employer associations and employer beliefs, where the interview participants hardly based these on Dong’s employer brand messages. Therefore, case company B, verified this first hypothesis negatively, in the sense that the exposure to the employer brand proved essential for it to have an impact on the formation of the psychological contract. In both cases it was proved that the employer brand initiatives having the most impact on the interview participants were the graduate programme and company visits, and therefore the analysis of the empirical data contributes to a deeper understanding of the effect different employer brand activities have on newly graduate. Thus, the empirical data substantiated the first research hypothesis as well as provided an interesting insight in to employer branding affects the interview segment newly graduates.
Hypothesis 2: Employer associations

The second research hypothesis claims that the individual interpretation of the employer brand message leads to the formation of employer associations towards an organisation. The hypothesis therefore purposes to uncover on what basis potential employees build employer associations and to what extent the employer brand has an impact. Furthermore, the research hypothesis presupposes that potential employees have employer associations prior to employment. The empirical data verifies this assumption by proving that potential employees have different attitudes towards an organisation prior to employment or in the pre-employment phase of psychological contract formation.

By examining the empirical material several factors were identified as contributors to building these employer associations. In both cases it was proved that the extent to which the interview participants were exposed to the employer brand directly affected the foundation upon which the employer associations were build. In case company A, all interview participants expressed knowledge of the employer brand message and all interview participants, to some extent, formed certain employer association based on this. Additionally in the case of company B, only a few of the interview participants were familiar with the employer brand and subsequently only some of the employer associations were anchored in the employer brand. Thus, the analysis of case company B proved a very weak link between employer brand and employer associations because the interview participants simply were not exposed to the brand. Thus, in relation to the employer brand, the analysis proved that the exposure to the employer brand in crucial in forming employer association and thereby in impacting the formation of the psychological contract.

Furthermore, the analysis of both case companies proved that experiences in the pre-employment phase are factors contributing to the formation of these employer associations. In both case A and B it was proved that an organisation’s size & industry, the media, marketing, and word of mouth are factors impacting potential employees in the pre-employment phase. In case A, were employer brand linkages were strong, the interview participants were also affected by these pre-employment factors. However, in case B, were employer brand linkages were wear, the interview participants’ associations were primarily anchored in these other factors. Thus, the analysis here proved that the extent of exposure to the employer brand determines the extent to which this impacts the employer associations. However, it also proved that, potential employees form employer association based on a variety of factor and not just on the employer brand, despite the extent of the exposure.

The empirical data therefore substantiate the second hypothesis as well as prove that other factors impact the formative stage of the psychological contract as well.
Hypothesis 3: Elemental beliefs

The third hypothesis set forth that the employer associations will lead to potential employees having elemental belief regarding the employment relationship in the particular organisation. This hypothesis presupposes that potential employees have employer associations and that these will lead to elemental beliefs and expectations concerning employment in an organisation. The data analysis provided evidence for potential employees having employer associations and proved that these in fact lead to elemental beliefs and thus proved the beginning of the formation of the psychological contract as outlined in figure 2.11.

Corresponding with the analysis of employer associations, the empirical data proved that these elemental beliefs are anchored in the employer associations and therefore only to some extent derive from employer brand messages. In both cases the analysis proved that the employer associations and subsequent elemental beliefs based on the employer brand were only present among those who were exposed to the employer brand message. In the case of company A, it was proved that the interview participant have formed elemental beliefs regarding a potential employment relationship in company A. Further, these beliefs displayed expectations concerning the organisational culture, work environment, personal development, and management style. As with employer associations, these beliefs partly traced back to the employer brand messages and partly to other factors in the pre-employment phase. In the case of company B, it was also proved, that these elemental beliefs were heavily anchored in the associations the individual interview participant have towards the organisation. As above, the beliefs emphasised expectations towards the work environment, management style, and organisational culture. Therefore, it was proved that if potential employees have been exposed to the employer brand messages and subsequently have based associations towards an organisation on these, the elemental beliefs regarding an employment relationship will be anchored in this.

Thus, the analyses of the empirical data substantiated the third hypothesis by proving that the employer brand and subsequent employer association will lead to elemental beliefs regarding the employment relationship as long as the potential employees are exposed to the employer brand. Otherwise, other factors in the pre-employment phase impact the formation of associations and the formation of elemental belief and consequently the beginning of the formation of the psychological contract.
Part Conclusion

The comparison of the results above emphasised that employer branding potentially impacts the formation of the psychological contract, as suggested in the theoretical framework developed. However, it is essential that potential employees are exposed to the employer brand for it to have an effect. Further, it was proved that other factors in the pre-employment phase both forms employer associations and subsequent elemental beliefs regarding the employment relationship. However, in cases where potential employees are exposed to the employer brand it plays a dominant role in the formation of associations. Thus, the analysis proved that employer brand potentially impacts the formation of the psychological contract, and that exposure to employer brand messages or other types of organisational communication is essential for this impacts. The following chapter will discuss the finding above in comparison to the theoretical framework in order to develop a deeper understanding of the concepts and their linkage as well as discuss the further implications for organisations.
6. Comparative Analysis & Discussion

On the basis of the research findings presented in the previous section, this chapter purposes to discuss the findings in comparison with the theoretical framework developed earlier, to develop a deeper understanding of how employer branding impacts the formation of the psychological contract in the pre-employment phase. Thus, the following section will evaluate the research finding according to the theoretical framework in order to revise and develop our understanding of how employer branding and other pre-employment experiences impacts the formation of the psychological contract. Furthermore, by discussing the research findings and contemporary theory within the field, the chapter will touch upon the implication these finding have for organisations and corporate communication.

The following chapter is divided into two main sections with the purpose of, firstly, comparing the research findings with the theoretical contribution developed in figure 2.11 and revising the framework accordingly and secondly to discuss what the implications of the present research are for organisations.

6.1 Comparative Analysis

The following section purposes to compare the research finding discussed in the previous chapter with the theoretical framework developed concerning employer branding and the formation of the psychological contract. Drawing upon the analytical conclusions, the section outlines and discusses how these findings match the current understanding of the concepts and their linkages as well as extend the current framework. Figure 2.11 as developed in section 2.3 is included below to ensure coherence and support the understanding of the discussion below.

![Formative stages of the psychological contract](image)

Figure 2.11 How employer branding impacts the formation of the psychological contract. (Author’s own production, inspired by Backhaus & Tikoo (2004), Edwards (2010), and Rousseau (2001)).
As apparent from the finding above, strong indications from the analysis of the empirical data point to the employer brand’s potential to impact the formation of the psychological contract. The indications of this potential derive from the research findings emphasising the importance of being exposed to or aware of an employer brand in order for it to have an effect. Thus, the findings support the first research hypothesis and theoretical background emphasising the first element of the framework (fig 2.11).

As discussed in the theoretical development of figure 2.11, the pre-requisite for employer branding’s impacts on the formation of the psychological contract is the exposure or awareness of an organisation’s employer brand message. Accordingly, Backhaus & Tikoo (2004) argued that when potential employees are aware of employer brand messages, they begin to develop assumptions about the employer and thereby argue that recruitment messages such as employer brands may impacts the development of a psychological contract. Further, Burke et. al. (2011) supported this argument in stating it is when potential applicants become aware of the employer brand attributes that it will have an effect on the psychological contract. Thus, drawing upon the theoretical section, employer brand exposure proved to be a pivotal factor in psychological contract formation process and subsequently in the theoretical framework developed. The findings above highly supports this factor being essential and a pre-requisite for the employer brand to have an impact on the formation of the psychological contract. This is emphasised as the findings prove that the interview participants only build employer association and elemental beliefs based on the employer brand if they have been exposed to it. Further, in cases where the interview participant were not exposed to the employer brand, they either proved to have very little knowledge and basis to build employer associations on, or proved to build associations on other factors, which will be discussed below. Thus, the juxtaposition of the empirical findings and the theoretical background provide evidence for the necessity of employer brand exposure in order for it to lead to a psychological contract formation.

This necessity becomes very valuable for organisations as it highlights their responsibility in ensuring or heightening the possibility of employer brand exposure among a segment of potential employees. Thus, the empirical evidence extends Rousseau’s (2001) argument that a new employee with relatively incomplete psychological contract should be motivated to seek information regarding the employment relationship, to include the organisation’s responsibility to provide information about the employment relationship to potential employees to avoid that they build expectations based on unjustified beliefs. The further implications deriving from the findings and this argument will be discussed in section 6.2 below. The findings correspond with the theoretical field in emphasising the exposure to the employer
brand as pivotal to its impact on the formation of the psychological contract, and thereby indicate an organisation’s responsibility in providing the employer brand messages to potential employees.

**Employer associations and elemental beliefs**

As the research findings concerning the formation of employer associations and elemental beliefs are strongly intertwined, the comparison and discussion of these theoretical elements will occur simultaneously.

Directly connected with the findings concerning employer brand exposure discussed above, the research findings indicated that the employer brand message led to employer associations and subsequent elemental belief to the extent to which the potential employee have been exposed to the employer brand. Thus, in cases where the interview participants were exposed to the employer brand the associations and elemental belief were directly anchored in this. Further, the findings indicated that in cases where only little exposure or no exposure to the employer brand was prevalent among the interview participants, there was either a very weak link to the employer associations or no link at all. Therefore, the findings support the theoretical framework to a certain extent, namely in the cases where the employer brand exposure proved to be prevalent in forming employer associations and elemental beliefs.

As argued in relation to the theoretical framework (fig. 2.11), potential employees will, based on the employer brand and the individual’s interpretation of this, form certain employer associations, which will lead to the development of elemental beliefs. The theoretical contribution offered by Edwards (2010) substantiate this process in suggests that advertising the employment offering (employer brand) is likely to drive expectations towards the organisations among potential employees. Further, Backhaus & Tikoo (2004 p. 503) support this in stating that once the recruits have been attracted by the brand, they develop a set of assumptions about employment with the firm that they will carry into the firm (...). This argument emphasises the rationale behind the employer associations and elemental beliefs, as it is presupposed that the elemental belief and further process in forming the psychological contract is directly based on these employer associations or assumptions alone. The findings above support this rationale, as the elemental beliefs identified all derived directly from these associations. Thus, the findings concerning elemental belief and the further formative stages correspond with the process described through the theoretical framework developed. To fully verify this process, however, a more thorough investigation concerning elemental belief, associated meanings, and expectations to the employment relationship is required.
Further, the research findings evidently support the process of psychological contract formation based on the employer brand as outlined in figure 2.11, to some extent at least. The research finding proved that the employer brand directly impacts the employer associations as long as the potential employees are aware of the employer brand. However, the findings also indicated a tendency for other pre-employment experiences influencing these associations, even when the employer brand was prevalent.

In both cases the employer brand message was accompanied by other external factors such as the media, word of mouth, marketing, professional norms, and industry and size of the organisations in building employer associations. Thus, the research finding prove that the employer brand alone, does not impact the formation of the psychological contract but is merely a factor influencing the process.

The empirical finding therefore extends the current knowledge and understanding of the linkage between employer branding and the psychological contract. As discussed in the literature review, several scholars uncritically argue for this logical link in justifying the application of employer branding in organisations from an external perspective. The current understanding of the concept suggests, as in figure 2.11, that employer branding directly impacts the psychological contract in highlighting tangible and intangible benefits through a display of symbolic and instrumental organisational characteristics. However, as briefly touched upon in section 2.2.2, the research findings strongly support the argument presented by Cullinane & Dundon (2006 p. 122) suggesting that the current literature has missed out on potentially powerful sources of influence serving in the constructions of employee’s psychological contract. The pre-employment context as revised in section 2.2.2 (table 2.8) therefore becomes an important element in our understanding how employer branding impacts the formation of the psychological contract. Thus, in the light of these new findings extending the existing theoretical foundation, the current framework depicting how employer branding impacts the formation of the psychological contract is adjusted accordingly and depicted in figure 6.1 below.
Accordingly, in correspondence with the theoretical framework and the research findings a number of pre-employment experiences have been added to depict the fact that the formation of employer associations and subsequent elemental beliefs are anchored in a variety of factor and experiences, continuously changing depending on the context. This continuously changing context of different factors interacting to create a basis of pre-employment experiences that potential employee build employer associations on, is visualised by the circle of arrows surrounding the pre-employment phase.

The research findings proved that even though the employer brand was prevalent, dominating the formation of employer associations, other factors accompanied the development of these associations. Thus, the revised framework proves that the interpretation of the employer brand message and formation of employer associations are affected by other factors and not solely on the employer brand. This is important in understanding the purpose of the framework as it provides other sources an organisation can influence besides the employer brand message. The framework therefore suggests a number of factors, all included in either theory or research findings, which invariably affect the individual employer associations. It is important to mention that these pre-employment experiences can be combined in any number of ways the individual experiences them and none of the factors are more dominant, at the outset, than others. The revised framework thus suggests that the basis upon which potential employees build employer associations are somewhat coincidental depending on what elements the individual interact with in constructing the social reality and worldview. The implications and recommendations for organisations concerning the elements in the pre-employment context will be discussed in the following section. Thus, the revised framework suggests, based on research finding and theoretical background, that employer branding holds the potential to impact the formation of the Psychological Contract.
psychological contract, however it strongly depends upon the context and the individual potential employees.

Lastly, besides the pre-employment context, the revised framework above is not adjusted as the research finding positively substantiated the process of forming employer associations based on pre-employment context and individual mental schema and subsequently building elemental beliefs towards the employment relationship based on these.

6.2 Implications for Organisations

The comparative analysis and discussion above naturally include certain implications for organisations in the application of employer branding in the future. The following section touches upon three main consequences of the theoretical framework developed and discuss how organisations can deal with these. It is recognised that more implications might be inherent in the framework, however this section will focus on a few deemed immediately important to the application of employer branding.

As the research findings above suggested, potential employees within the graduate segment build employer associations based on a number of pre-employment factors and experiences. Recognising that other factors than employer branding influences the formation process provides a new perspective on employer brand communication for organisations. Importantly, potential employees are affected by elements such as marketing, organisational communication, organisational reputation, employer branding, word of mouth, and the media. All elements of which an organisation is able to affect in some way and thereby interact with potential employees in constructing these employer associations. By integrating the employer brand as a vital part of the organisation’s overall communication strategy and anchored in the overall organisational strategy, an organisation may be able to influence the pre-employment context. Thus, the research findings enhance the previously discussed contemporary view on employer branding as a strategic process (see section 2.1.3). This entails incorporating employer brand communication, messages, and symbols in everything the organisation does, meaning that the company logo, advertisements, online communication, internal communication and management, employer branding etc. should reflect the desired employer brand messages. This way organisations might be able to, indirectly, increase the employer brand exposure and thereby interact with potential employees in the construction of employer associations. Further, this enables the organisations to impact what expectations are built towards the employment relationship and thereby attempt to avoid expectations they are not able to fulfil after organisational entry. If organisations, on the contrary,
choose to let the coincidental experiences described above, by not integrating the employer brand strategically, they risk potential employees building false expectations, forming untrue or negative employer associations and thereby not being able to attract the employees needed to ensure future organisational success. Therefore, based on the research findings above and subsequent theoretical framework a strategic integration of the employer brand process is suggested.

In correlation with the above, the second implication of the framework developed, concern managing word of mouth. The research findings above proved that word of mouth is a significant factor in building employer associations, especially when it comes to company visits, career related events, and having acquaintances working at an organisation. Organisations can apply this knowledge into the management process of the employer brand as well as into existing HRM policies and practices. At the very core lies the fact that satisfied employees will portray the organisations positively and dissatisfied employees will portray the organisation negatively. Therefore, to ensure a coherent employer brand process an organisation can benefits from applying the strategic perspective offered by Lodberg (2011) in discussing the employee journey throughout the organisation. By offering the employee an honest and coherent employer brand experience throughout his/her journey in the organisation, an organisation can potentially impact the word of mouth communicated internally and externally.

Lastly, directly linked to the implication above, the third implication or suggestion concerning how organisation impact the formation of the psychological contract surround the honesty or accuracy of the employer brand communication. The above discussion of research finding emphasise that employer brand and other forms of organisational communication impact the formation of the psychological contract. However, though offering organisations a possibility to impact the formation of the psychological contract, graduates pre-employment beliefs are likely to affects their psychological contract after organisational entry (De Vos et. al., 2009). Thus, organisations must ensure that the communication offerings presented before organisational entry corresponds with the actual employment offerings. Further, Edwards (2010) argues that organisations must strive to display an accurate image of the organisation and its offering to avoid running the risk of creating unrealistic expectations, which will lead to disappointment and possible intentions to leave. Thus, acknowledging the importance of an accurate employer brand will aid organisations to avoid the possible dilemma of breached expectations as presented in the introduction. Therefore, displaying an accurate and coherent image of the organisation in both internal and external communication is a prerequisite for impacting the formation of the psychological contract positively.
7. Conclusion

Within the complicated context characterising today’s labour market, organisations increase focus on strategies to attract the talented and highly skilled employees. However, in the eagerness of creating a unique employer brand and attract the talents needed, the organisations risk building expectations they are not able to fulfil after the talents enter the organisations. On this basis, the thesis set out to examine how employer branding impacts the formation of the psychological contract among potential employees and thereby develop an understanding of organisation can navigate within this complex context.

By reviewing and discussing contemporary theory within the field of research, a framework concerning the mental process of how employer branding leads to the formation of a psychological contract was developed and employed in the further analysis. Based on the framework, three research hypotheses were created to guide the collection of empirical data and the subsequent data analysis. The analytical findings proved that employer branding, to some extent, impacts the psychological contract formation among potential employees and thereby substantiated the framework developed. Importantly, exposure to the employer brand was identified as crucial for it to have an impact. Further, other elements in the pre-employment phase proved to be important in forming the psychological contract along with employer branding, and therefore the developed framework was revised accordingly. Thus, employer branding along with other factors, impact the formation of the psychological contract by generating certain employer association leading to elemental beliefs and in turn associated meanings and expectations towards the employment relationship in an organisation.

The thesis thereby contributes to the theoretical field by extending current knowledge and developing a framework for understanding the link between employer branding and the formation of the psychological contract. More specifically, the present study contributes with new knowledge to employer branding theory by suggesting how it impacts potential employees and to psychological contract theory by extending and challenging the current notion of the basis upon which psychological contracts are formed. Furthermore, organisations benefit from this new knowledge by understanding what impact their employer brand has on potential employees and how they can potentially increase this impact by integrating the employer brand as a strategic process.
7.1 Evaluation and Future Research Perspectives

To examine how the employer brand impacts the psychological contract formation among potential employees, a social constructivist research approach and subsequently qualitative methods were applied. These methods have proven highly suitable in producing the information needed to answer the research question. However, the main critique of the qualitative research design lies within its subjectivity and thereby the inability to replicate the study in similar contexts. Therefore, by applying this research method and by recognising that the examination is carried out based on the author’s worldview it allows for critiques of subjectivity in the research findings.

Further, the scope of the study limits the research findings to concern indications of how employer branding impact the formation of the psychological contract among Danish graduate students. To expand the conclusions and theoretical development presented in this thesis a more elaborative research on the subject involving more segments is suggested. In addition, the thesis applied two case studies as this was deemed suitable for comparison and enabled the possibility to draw general conclusion. However, applying a single case study would have provided a deeper examination of the problems area, and is therefore suggested as future research.

As employer brand exposure was deemed an essential pre-requisite for the concept to impact the psychological contract formation, in the literature review, a different research approach could be to present the actual employer brand to the interview segment and examine whether this would have an effect on the formation process. This research method was not applied, as the aim of the research was to examine how employer branding interacts with the potential employees in construction a social reality of employer expectations with minimal interference and imposition from the author.

Based on the research findings and conclusion the study naturally encompasses recommendation for future research to examine the problem area in more depth.

As briefly argued above, the scope of the study concern newly graduates, to increase understanding and draw some more general conclusion on the subject matter a research study concerning other segment of potential employees is suggested. Further, as the segment in this thesis is categorised as novice and thereby possessing a rather simple mental schema, it is deemed favourable to examine how and if employer branding impacts the formation of the psychological contract among potential employees with vast experience. Such an examination would extend the current knowledge within the field and be beneficial for organisations in understanding the complex nature of employer branding and psychological contracts.
The present research concern psychological contract formation in the pre-employment phase, future research could benefit from examining whether employer branding impact the psychological contract formation during other phases such as recruitment or early socialisation. Additionally, examining the relationship between internal aspects of employer branding and the psychological contract will increase knowledge of the concept and their interaction as well as improve understanding of employee behaviour and psychological motives.

Lastly, as potential employees have formed certain expectations towards the employment relationship in the pre-employment phase, it is likely that the recruitment phase either enforces these expectations or breaches these. Thus, examining how the recruitment phase can enable both formation and breach of the psychological contracts held in the pre-employment phase as well as how employer brand messages can be included during recruitment would extend the current knowledge and application value for organisations event further.
8. Bibliography


