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Downsizing and Employer Branding: Is there a Relationship?

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Abstract

Workforce downsizing has become an everyday fact of working life as most firms struggle to cut costs and adapt to changing market demands in order to survive in the new competitive arena. Extant research has made good progress in better understanding the different issues surrounding *downsizing*. However, there are still several key issues that have largely been ignored by prior research. One of these issues involves the potential effect *downsizing* may have on *employer branding*. This chapter is a preliminary attempt to explore whether there is some kind of relationship between both phenomena. More specifically, the main purpose is to examine how a significant and intentional reduction in the workforce may influence employer branding; while the other way around, an attempt is made to discover whether employer branding practices help to mitigate the negative effects of post-downsizing in the workplace, as well as improve the quality of future recruitment processes. The research setting consists of a small sample of large companies listed in the *Merco Talent Ranking* in Spain over the period 2007–2017. The results obtained in our study following a preliminary descriptive analysis seem to provide support for the notion that both practices may be closely interrelated in a circular way.

Keywords: downsizing, employer branding, employee retention, candidates' attraction, Merco talent ranking

1. Introduction

Recent technological advances, demographic evolution, and economic changes have affected business operations, and therefore the labor market. Such changes have forced companies to

redefine their strategies and adopt new practices, especially in the field of human resources (HR). Over the past few years, two practices related to HR management (HRM) have gained considerable popularity both academically and professionally: *downsizing* and *employer branding* [1–7]. Although with totally opposite signs and effects on employees, both practices have now been adopted by most companies around the world as they seek to adapt to new labor market demands.

On the one hand, *downsizing*—traditionally defined as a significant and intentional reduction in the workforce [8–13]—has become an increasingly widespread practice in companies worldwide. Extant research has made good progress in better understanding the different issues surrounding downsizing in terms of both its potential causes and its effects or consequences (for a review, see [11]). From the field of management, numerous studies have evaluated the impact of downsizing on firm productivity or financial performance [13–16]. HRM literature has also revealed how downsizing affects employees, especially their perception of job security or job satisfaction [17, 18].

On the other hand, *employer branding* constitutes a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer [19]. Initially inspired by marketing literature (see, for example, [19, 20]), the concept clearly involves a very obvious mix or convergence of the fields of marketing and HR [21]. Employer branding is the application of branding principles to HRM [19]. Although the literature is scarcer from an HR perspective, the *war of talent* that companies have declared in recent years as a result of environmental complexity and the labor market's maladjustment and increasing competitiveness has become fashionable, and propitiated the phenomenon's growing trend. *Employer branding* has become one of the firm's most important intangible resources, and a good example of the growing interest in this phenomenon is the proliferation of conferences, awards, reports and rankings (see, for example, *Great Place to Work*, *MERCO Talent*, *Top Employers* and *Most Attractive Employers*).

Downsizing and *employer branding* have become an important addition to an HR practitioner's toolkit. The former has proven to have a negative effect on employees and their motivation, job security and job satisfaction, deteriorating the company's image and reputation abroad [22–24]. By contrast, the latter seems to have a positive impact on current employees and the work climate, helping to positively enhance the company's image abroad, with the ensuing impact on retention and talent attraction [25–27]. Yet are *downsizing* and *employer branding* interrelated in any way? Could *downsizing* processes affect *employer branding* negatively? Could *employer branding* practices counteract or partially mitigate the negative effects of *downsizing* and improve the perceptions of current and potential employees?

This study seeks to provide preliminary empirical evidence on whether there is a bidirectional relationship between *downsizing* and *employer branding*. Accordingly, and on the one hand, it tests whether the downsizing practices adopted by companies have exerted a positive or negative impact on employer branding. On the other hand, this study also seeks to test whether in those companies adopting downsizing practices, and hence seeing their brand

image potentially compromised, the subsequent adoption of employer branding practices has then positively or negatively influenced the recruiting, attraction and retention of the most talented employees.

The research setting consists of a small sample of large companies listed in the *Merco Talent Ranking* in Spain. This ranking provides an annual list of the country's 100 most successful companies in corporate talent management. The aim of this monitor is to collect and examine various reputation scales associated with talent, and it includes different stakeholders that identify the best places to work thanks to their corporate talent management. We also use data on the number of downsizing processes conducted by the companies on this list and the total number of employees affected by such processes. We also rely on information that appears in annual reports and the press on both phenomena. Also interestingly, our period of study covers the years between 2007 and 2017, which includes several years related to the recent economic crisis and others related to the subsequent period of recovery.

This study contributes to the literature as follows. To the best of our knowledge, the link between *downsizing* and *employer branding* has yet to be empirically investigated. This study may, therefore, help to establish the theoretical underpinnings for a greater understanding of both phenomena by describing how *downsizing* and *employer branding* may be affected by each other. This is because it reveals the potential and direct effects of downsizing processes on brand value. Likewise, this study is a first attempt to discover how employer branding practices after a downsizing process could help to mitigate the negative effects of post-downsizing in the workplace, as well as improve the quality of future recruitment processes. This could undoubtedly guide and align the efforts of both marketing professionals and HR specialists in the design and application of internal and external practices that help to modify the perceptions of current employees and potential candidates.

This chapter is structured as follows. The second section presents some preliminary ideas on *downsizing* and *employer branding*. The third section explores the impact of *downsizing* on *employer branding*; specifically, this relationship is analyzed through a descriptive study in Spain. The following section reveals how employer branding practices might alleviate the consequences of a significant and intentional reduction in the workforce and improve the retention and attraction of talent. Finally, the study's conclusions and implications are presented.

2. Downsizing and employer branding: some preliminary ideas

Coined for the first time in the 1990s when applying the brand concept to HRM, *employer branding* as a concept is an extension of the relationship between marketing principles (see, for example, [28]). Since then, *employer branding* has increasingly attracted the attention of professionals and academics alike, with numerous definitions appearing. **Table 1** summarizes some of the most influential definitions of *employer branding* used in the literature.

Employer brand consists of the package of functional, economic and psychological benefits provided by employment, and identified with the employing company [20].
Employer branding is the sum of a company’s efforts to communicate to existing and prospective staff that it is a desirable place to work [29].
Employer branding involves managing a company’s image as seen through the eyes of its associates and potential hires [6].
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 [30].
Employer branding is the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents [31].
Employer branding is the process of building an identifiable and unique employer identity [19].
Employer branding refers to activities where principles from marketing, especially within branding, are used for HR initiatives regarding both existing and potential employees [21].
An employer brand is the image of the organization as a ‘great place to work’ [32].

Source: Author’s own work based on a review of prior literature.

Table 1. Definitions of *employer branding*.

It has now become evident that many organizations have adopted employer branding practices because they have found that when effective it leads to competitive advantage, helps employees internalize company values, and contributes to employee retention. Clarifying and carefully managing “employment experiences” help create value and influence [21] both inside and outside the organization.

However, despite the potential benefits of good employer branding practices, it stands to reason that employer image can be affected and damaged by disruptive events such as downsizing [33]. The changes in perceptions linked to aspects of the employment brand that are formed inside and outside the organization during and after downsizing are expected to affect the organizational identification and individual attitudes of former employees, current employees, potential employees, and other external stakeholders. In the case of those employees made redundant, negative attitudes and perceptions are caused by the breach of the psychological contract by which they pledged loyalty to the organization in exchange for job security [19, 34]. Uncertainty in the face of structural and organizational changes could undermine job performance and the retention of current talent, as current employees could record lower satisfaction, internal trust, commitment and brand loyalty [35] and even consider looking for other jobs outside the organization. For potential employees, the deterioration of the brand image or its loss of appeal is a significant predictor of decisions to seek employment elsewhere, with the consequent deterrent effect on attracting talent [36, 37]. Finally, changes in the way external stakeholders (mainly suppliers and customers) view the organization’s attributes as an employee could affect the relations between them and the organization, and deteriorate other company or consumer brands [26]. Jointly, downsizing can diminish the brand value as an employer for those who have left, those who continue, those who may arrive, and those with a link to the company that is unrelated to employment, and may affect the organization’s short- and long-term performance.

3. Impact of *downsizing* on *employer branding*: a descriptive analysis in Spain (2007: 2017)

A descriptive analysis of the potential effect of workforce downsizing on employer branding is conducted with a small sample of large companies operating in Spain between 2007 and 2017. As noted above, this is a period that includes several years related to the recent economic crisis that has caused a major imbalance in the labor market (between 2007 and 2014), as well as others related to the subsequent period of economic recovery (between 2015 and 2017).

Based on data extracted from the *Employment Regulation Statistics* of Spain's Ministry of Employment and Social Security, **Figure 1** shows the number of downsizing processes and the number of employees affected (including collective redundancies, suspension of contract, or reduced work day). This figure shows that since 2007 the Spanish economy has suffered a setback in terms of employment. The unfavorable economic conditions at the time led to an

Figure 1. Evolution of the number of downsizing processes and the number of employees affected in Spain (2007–2017). Source: Author's own work based on data from Employment Regulation Statistics in Spain.

increase in downsizing processes to adjust the size of the workforce to optimal levels of employment. With a growing trend that peaked in 2012, most collective redundancies, in absolute terms, occurred in the service sector and, in relative terms, in industry. Although the recovery process has seen figures fall since 2012, high levels of job rotation and precariousness have not restored stability to the labor market.

Secondly, the companies examined are listed in the *Merco Talent Ranking*¹ in Spain. This ranking provides an annual list of the country's 100 most successful companies in corporate talent management. The aim of this monitor is to collect and examine various reputation scales associated with talent, and include different stakeholders that identify the best places to work thanks to their corporate talent management.

The companies analyzed in this study occupy the top 20 positions, with their variations in the ranking over the period studied, as shown in **Table 2**. On the other hand, **Table 3** shows the evolution of the companies that have dropped down the table and fallen out of the top 20, as occurs with *Microsoft*, *Endesa*, *Caja Madrid*, *Bancaja*, *IBM*, *El Corte Inglés*, *Siemens*, and *Danone*). An analysis of each company's annual reports and press releases allows identifying and describing the impact a downsizing process has on employer branding. In all cases, it is found that the brand value as an employer deteriorates in the years after any restructuring that negatively affects employment.

Shortly after its acquisition of *Nokia*, *Microsoft*, announced its first downsizing process in 2014, which involved 18,000 redundancies (14% of all employees worldwide), with 7800 more in 2015. Its global workforce has not stopped shrinking, also affecting the company's jobs in Spain (more than 50 redundancies until 2014). So after leading the ranking in the first years, it began to lose positions until it dropped off the list in 2015. In 2016 and 2017, it held position 32 in the Ranking.

Endesa began restructuring its workforce in 2009, with approximately 800 employees leaving the company in 2010. The deterioration of its image as an employer saw it leave the ranking, and its situation regarding employment has worsened following Spain's electricity sector reform and the introduction of numerous salary reduction plans, incentive reductions, and the reduction of working hours. It has been losing positions since 2011. In 2017 it held position 59.

Caja Madrid's brand value as an employer began to fall right from the beginning of the period. Following a merger with six other banking institutions (one of them, *Bancaja*), the new bank—*Bankia*—disappeared from the ranking for good after a first downsizing process in 2010 (approximately 4000 layoffs). There have been more redundancies since then, with another downsizing process announced in 2017 due to the merger with *BMN*. In 2017, *Bankia* held position 45.

¹There are currently four monitors, rankings or prestigious certifications that annually evaluate the employer brand worldwide and by countries: *Great Place to Work*, *Top Employer*, *Universum* and *MERCO*. The *Merco Talent Ranking* has been selected for this analysis because it is the most complete and unique monitor of verified employer attractiveness in the world. For example, to establish the monitor's results for the last available year (i.e., 2017), the opinion has been sought of around 19,240 employees, including those of the one hundred companies that appear in the ranking), 9070 university students in their last year, 777 business school students, 1200 members of the public, 130 HR managers, and 43 experts and headhunters, with an analysis of corporate talent management policies.

Rank/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	LA CAIXA	LA CAIXA	LA CAIXA	MICROSOFT	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX
2	MICROSOFT	MICROSOFT	MICROSOFT	LA CAIXA	MERCADONA	MERCADONA	MERCADONA	REPSOL	REPSOL	REPSOL	BBVA
3	CAJA MADRID	BBVA	IBERDROLA	SANTANDER	IBERDROLA	SANTANDER	REPSOL	IBERDROLA	BBVA	BBVA	REPSOL
4	TELEFÓNICA	CAJA MADRID	BBVA	MERCADONA	SANTANDER	IBERDROLA	GOOGLE	SANTANDER	SANTANDER	TELEFÓNICA	SANTANDER
5	SANTANDER	TELEFÓNICA	SANTANDER	IBERDROLA	GOOGLE	TELEFÓNICA	SANTANDER	BBVA	MERCADONA	APPLE	TELEFÓNICA
6	BBVA	REPSOL	REPSOL	BBVA	MICROSOFT	MICROSOFT	IBERDROLA	TELEFÓNICA	IBERDROLA	IBERDROLA	MERCADONA
7	REPSOL	SANTANDER	CAJA MADRID	GOOGLE	TELEFÓNICA	REPSOL	BBVA	GOOGLE	APPLE	SANTANDER	GOOGLE
8	COCA COLA	MERCADONA	TELEFÓNICA	TELEFÓNICA	REPSOL	BBVA	TELEFÓNICA	MERCADONA	TELEFÓNICA	GOOGLE	GAS NATURAL FENOSA
9	DANONE	IBERDROLA	MERCADONA	EL CORTE INGLÉS	BBVA	GOOGLE	MICROSOFT	APPLE	GOOGLE	MERCADONA	NESTLÉ
10	MERCADONA	INDITEX	INDITEX	REPSOL	CAIXABANK	NESTLÉ	NESTLÉ	NESTLÉ	NESTLÉ	GAS NATURAL FENOSA	AMAZON
11	NESTLÉ	GOOGLE	GOOGLE	INDITEX	NESTLÉ	DANONE	DANONE	MICROSOFT	GAS NATURAL FENOSA	MAPFRE	MAPFRE
12	IBERDROLA	IBM	EL CORTE INGLÉS	CAJA MADRID	DANONE	IKEA	IKEA	IKEA	CAIXABANK	HEINEKEN	MUTUA MADRILEÑA
13	INDITEX	DANONE	DANONE	DANONE	EL CORTE INGLÉS	SIEMENS	SIEMENS	MUTUA MADRILEÑA	MAPFRE	CAIXABANK	CAIXABANK
14	IBM	COCA COLA	SIEMENS	ACCIONA	IKEA	APPLE	MUTUA MADRILEÑA	DANONE	MAHOU SAN MIGUEL	MAHOU SAN MIGUEL	IBERDROLA
15	SIEMENS	SIEMENS	COCA COLA	COCA COLA	SIEMENS	EL CORTE INGLÉS	APPLE	CAIXABANK	MUTUA MADRILEÑA	MUTUA MADRILEÑA	COCA-COLA
16	GOOGLE	NESTLÉ	MAPFRE	ENDESA	MUTUA MADRILEÑA	MUTUA MADRILEÑA	MAPFRE	GAS NATURAL FENOSA	BANKINTER	MELIÁ HOTELS INTERNATIONAL	MELIÁ HOTELS INTERNATIONAL
17	BANCAJA	BANCAJA	SANTAS	IBM	COCA COLA	CAIXABANK	GAS NATURAL FENOSA	MAPFRE	L'ORÉAL	BANCO SABADELL	MAHOU SAN MIGUEL
18	ENDESA	MAPFRE	DELOITTE	DELOITTE	APPLE	ABENGOA	CAIXABANK	SIEMENS	SIEMENS	BANKINTER	IKEA
19	MAPFRE	BANESTO	ENDESA	MAPFRE	NH HOTELES	MAPFRE	ABENGOA	DELOITTE	COCA-COLA	ONCE Y SU FUNDACION	HEINEKEN
20	EL CORTE INGLÉS	EL CORTE INGLÉS	NH HOTELES	NESTLÉ	MAPFRE	COCA-COLA	COCA-COLA	ONCE Y SU FUNDACION	MELIÁ HOTELS INTERNATIONAL	SIEMENS	BANKINTER

Source: Author's own work based on data from *Merco Talent Ranking*.

Table 2. Ranking of top employers in Spain (2007–2017).

Rank/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1
2
3
4
5											
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Source: Author's own work based on data from *Merco Talent Ranking*.

Table 3. Evolution of companies with significant variations between 2007 and 2017.

IBM's position also worsened after 2010, when it announced a reduction in salary for all employees and the start of processes of collective dismissals that extended through to 2015, drastically reducing the value of its brand as an employer. As occurred with *Endesa*, this company began to fall down the ranking in 2011. In 2017, it held position 60.

The workforce at *El Corte Inglés* was significantly reduced from the beginning of the period through to 2014 (it fell from 97,389 employees in 2007 to 80,875 in 2014), negatively affecting its brand as an employer. And, the downsizing process in the tourist subsidiary—*Viajes El Corte Inglés*—which affected 4800 employees in 2012, took its toll and removed it from the list the following year. Since then, the plans for early retirement and voluntary redundancy have been ongoing. This firm has seen significant variations from 1 year to another since 2013. For example, in 2014 it fell to position 58, while in 2017 it rose back up to position 29.

After heavy losses in 2013, *Siemens* carried out a downsizing process that affected 4% of its workforce in Spain (23% worldwide). As a result, the following year it fell in the ranking. Finally, it disappeared from the top 20 in 2017, following the announcement of another reduction in employees until September 2018. In 2017, this company held position 24.

The fall in consumption and the impact of white brands forced *Danone* to reorganize its activities and close a production plant in 2013, affecting 280 jobs in Spain (900 layoffs in Europe). Inevitably, this reduction had a negative impact on its employer branding, with it disappearing from the ranking as of 2014. In 2015, it fell to position 35, while in 2017 it held position 27.

Table 3 also includes those companies that have been involved in industrial action, falling from this list in one or more years. This is the case of *Coca Cola* and *Nestlé*. The most significant falls of both companies coincide with the crisis's more severe effects on the labor market and with their more pronounced downsizing practices.

Since *Coca Cola* announced its first downsizing process in 2008, its brand value as an employer began to suffer, leaving the top 20 for the first time in 2011. However, its evolution since then has been very unstable. After the merger of its seven bottlers in Spain and the closure of 4 of its 11 production plants, its reputation almost collapsed in 2014, when the company fell to position 28. The restructuring that triggered the collective dismissal of 821 employees and the mismanagement of job cuts were widely reported in the media. The company's efforts to restore credibility and confidence in the brand have brought it back into the ranking, improving its position in 2017 to number 15.

Nestlé fell and even vanished from the list in the first years of this period. This downturn coincided with the closure or sale of some of its production plants and with a downsizing process in 2009. However, its position improved between 2011 and 2015 thanks to sales growth and numerous actions that have revalued its employer branding (e.g., *Alliance for YOUTH* campaign and scholarship and training programs). Despite dropping positions in 2016, when there was a spectacular fire at one of its factories, in 2017 it managed to return to the top 10 after securing an ice cream joint venture with the UK's *R&R* and creating employment.

On the other hand, **Table 4** shows the companies that have remained within the first 20 positions in the ranking throughout the period. This is the case of *Telefónica*, *Repsol*, *BBVA*, *La*

Rank/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Source: Author's own work based on data from Merco Talent Ranking.

Table 4. Evolution of companies maintaining their position or beginning to appear between 2007 and 2017.

Caixa, Mapfre, Santander, Mercadona, Iberdrola, Google and Inditex. However, there are noteworthy differences in their evolutions, although some companies share similar trends.

Leading the rankings at the beginning of the period, *Telefónica, Repsol, BBVA* and *La Caixa* fell back between 2009 and 2012, precisely when they carried out the largest workforce reductions. *Telefónica* downsized in 2011, affecting more than 6500 employees. In the case of *Repsol*, irregular practices the company admitted to in its *Global Reporting Initiative (GRI)* Corporate Social Responsibility report in 2009 damaged its reputation as an employer. The reduction in employees and the closure of more than 100 branches between 2009 and 2010 led *BBVA* to drop positions in the ranking over that period, with a more pronounced effect in 2011. Following a similar trend, albeit much more negative than the previous one, the merger and transformation of *La Caixa* into *CaixaBank*, collective redundancies, and the closure of numerous branches between 2011 and 2013 meant the company fell out of the top positions and dropped sharply. However, in the second half of the period, all these companies climbed back up and recovered their leading positions. Although at the bottom of the ranking, *Mapfre*, too, records a similar evolution to the previous ones.

Mercadona, Google, Santander, Iberdrola and *Inditex* recorded a remarkable upturn in the first years. Despite the destruction of jobs by most companies in this initial period, these particular ones continued to generate employment year after year; and hence the improvement in their reputation as employers. Specifically, word of mouth and the HRM practices of *Mercadona* and *Inditex* attracted the attention of students, professionals and academics. After this initial growth, which began in 2012, *Mercadona, Google, Santander* and *Iberdrola* begin to stagnate or drop positions. These minor movements were due to certain considered adjustment plans and early retirements after 2014. However, *Inditex* has followed a different trajectory. With an unstoppable rise, it has topped the ranking for 7 years. In 2007, the Spanish group had 79,517 employees worldwide. In 2016 (the last year with available information), it had 162,450 employees. The last 3 years (until 2016) have broken records in job creation, creating more than 4000 jobs in Spain.

Table 4 also shows how *Ikea, Apple, Mutua Madrileña, Mahou San Miguel, Meliá Hotels, Gas Natural Fenosa, Bankinter* and *Amazon* began to appear in the ranking as from the second half of the period, being recognized as attractive companies in the Spanish labor market.

We may conclude by stressing that companies involved in downsizing processes have seen how the negative consequences on employment have affected their brand value as an employer in the eyes of their internal and external stakeholders. In fact, 70% of companies consider that the crisis has affected and restricted their employer branding initiatives (People Matters, 2011). However, the economic recovery is favoring both interest and, above all, investment in employer branding practices.

4. Impact of employer branding on downsizing: Is talent retention and attraction possible?

The different definitions of employer branding (see Section 2) focus mainly on two target groups: current employees and potential candidates. Employer branding practices therefore

have two distinct objectives: on the one hand, to maximize wellbeing and retain the most talented employees, and on the other, to transfer to potential candidates an image of an attractive company in which to develop their professional careers. Yet do both objectives have the same importance? Which one prevails?

A review of definitions and the previous literature reflect a lack of consensus on the priority of retaining current employees or attracting potential candidates. Some studies mainly emphasize the benefits on current talent retention [35, 38], while others analyze the utility of employer branding above all to attract potential candidates in recruitment processes [36, 39, 40]. Nevertheless, the previous literature has not considered what the choice or combination of objectives actually depends on.

We postulate that the priority of one or other objective is undoubtedly influenced by each organization’s context and situation. Depending on the context, it seems logical to assume that the retention of the most talented employees should be the priority objective in times of economic recession and growing unemployment. However, periods of economic recovery and greater demand for employment can equalize or reverse the order of each particular objective’s priority, pursuing the retention of the most valuable employees and attracting talent.

Furthermore, companies resorting to one or several downsizing processes can be expected to prioritize a reduction in uncertainty, the mitigation of employees’ unease, and the retention of the most talented: firstly, because downsizing responds to an excess of employees, and is carried out with the firm intention of optimizing the headcount within the organization, and secondly, because the dissemination of a good brand image as an employer is closely related to that specific image within the organization. After the downsizing process, both objectives can be aligned according to the organization’s needs. This relationship is illustrated in **Figure 2**.

By contrast, as **Figure 3** shows, companies that have not been affected by downsizing processes (either for an optimum level of labor or to expand their employment offer) are likely to focus their employer branding efforts on reinforcing their employees’ job satisfaction, both to retain them and, above all, to attract more talent.

We contend that employer branding efforts in the first case —i.e., firms affected by downsizing processes— should initially revolve around the employees within the organization; in this case, external initiatives have more to do with supporting a global reputation. For the second case, employer branding practices can have a greater impact on potential candidates.

Figure 2. Employer branding objectives in companies with downsizing. Source: Author’s own work.

Figure 3. Employer branding objectives in companies without downsizing. Source: Author's own work.

4.1. The impact of *employer branding* on current employees

Numerous studies report that the internal actions of employer branding (e.g., investment in social benefits, career opportunities, labor flexibility, reconciliation, training, etc.) help current employees to feel involved and valued, increasing their level of loyalty, commitment and job satisfaction. On the one hand, loyalty to the employer reduces staff turnover and drives greater talent retention [35, 41]. On the other hand, motivation and job satisfaction play a very important role in customer satisfaction [42, 43].

However, could employer branding practices strengthen the employer-employee relationship during and/or after a downsizing process? In view of the negative consequences generated during and after a downsizing process, employer branding practices should aim to temper the perceptions of employees that have survived the restructuring process, and highlight the benefits they still offer as employers [19]. It is about providing employees with a vision of the new organization, stressing that it continues to value the employment relationship. However, the impact of employer branding will differ in the extent to which benefits are provided for a valued employee. Employer branding practices show that the company is committed to improving employees' welfare, although there is always the possibility that these actions will not be well received by some, or be considered insufficient.

Investment in employer branding may involve reporting policies for reducing uncertainty regarding job security, the management of professional careers, improvement in remuneration and incentive policies, reconciliation measures and the implementation of training and employability plans, among others. This investment can help to mitigate the negative effects of downsizing processes and restore employee confidence in the employer. It has been found that "high-commitment workplaces are also more likely to implement less harsh layoff strategies (e.g., alternatives and voluntary layoffs) in preference to other workforce-reduction strategies that incorporate the harsher strategy of compulsory layoffs" (44, p. 472). In a similar vein, some researcher has revealed that when firms are more committed to employee job security, the likelihood of employee layoffs is diminished [45]. If downsizing occurs, organizations that have invested in the employability of their human resources are more likely to mitigate the negative effects on their employer brand, because the releases have better chances of finding new jobs [46].

Tables 2 and 3 show that those companies affected by more severe downsizing processes have simultaneously or subsequently launched sundry internal actions of employer branding to mitigate the possible negative consequences. All of them, through different channels (corporate website, social networks, press reports, etc.) have claimed to "pamper" their employees in

these years. For example, *Coca Cola* has implemented numerous development and training plans, as well as work and family reconciliation programs that aim to increase its employees' wellbeing. *Life & Coke Program*, *Ambassador Program*, *University of Coca-Cola* or *People Development Forum* are clear examples of this. *Nestlé* has also created reconciliation plans (flexible hours, use of new technologies for remote working, etc.), international mobility programs, initiatives to create a healthy work environment (programs aimed at preventing a sedentary lifestyle or obesity), centers of *Expertise*, training programs (e.g., *executive coach* and *team coaching*) and mentoring programs, such as *Discover your talent*. For its part, *BBVA* has implemented development and promotion programs (e.g., *Apúntate+*) and training plans through its e-learning platform (*Campus BBVA*). It has also introduced plans to ensure diversity and equal opportunities in the workplace (*Gender Diversity Plan* and *Integra Plan*) and measures for the reconciliation of work and family life among employees (*Global Life Quality Program* and *Family Plan*). *Telefónica* has mainly opted for training employees through its own training center and for offering its employees a wide range of social benefits (recreational days, holiday camp, daycare, etc.). In order to increase its employees' satisfaction, *La Caixa* has launched plans to promote professional development, with ongoing training and policies for the recognition of merit, also contemplating an equality and reconciliation program and different social benefits. *Iberdrola* has also sought to highlight its commitment to equal opportunities and reconciliation, as well as to employee learning and development. *Repsol* has focused on training its employees by creating its own top training center, international mobility opportunities, mentoring initiatives, and talent management programs such as *People Review*. The creation of the *Mapfre Corporate University* reflects the company's commitment to its employees' development, providing them with various measures for promoting reconciliation and equality. Since 2007, *Santander* has been arranging the *Santander Eres Tú* program, with the aim being to foster the corporate culture and transmit the company's values among its professionals, along with flexible working initiatives for the entire workforce, and gender equality policies and the promotion of women. *Mercadona* has made a dedicated commitment to its human resources within its *Total Quality Management* model, which includes measures to reconcile work and family life, ongoing and polyvalent training, giving most of its employees permanent contracts and, above all, a good salary policy and annual profit sharing. Many other companies have used similar programs and benefit packages to maximize the welfare of their current employees.

The impact of a company's negative internal image as an employer caused by downsizing has thus been softened. The *Merco Talent* monitor reveals that reconciliation, remuneration, flexibility, recognition and development are the five keys that make companies "the best place to work". Thanks, in part, to the different internal actions of employer branding related to those five keys, many of these companies have been able to maintain or improve their positions in the ranking.

4.2. The impact of employer branding on potential candidates

The other side of employer branding is the one that markets the company's value proposition as an employer abroad, which involves the transmission of the company's attributes to the market and the generation of expectations of what it means to work in a certain place (People

Matters, 2011). Much of the success of external employer branding is undoubtedly associated with the existence of a strong brand value as an internal employer. This favors the employees themselves, who become *brand ambassadors*, with a positive and credible external brand message, adding value and recognition to the employer through their comments and opinions in the market. The other part of the success depends on those actions (e.g., alliances with universities, presence in fairs, forums and employment portals, sponsorships of cultural or sporting events or creation of foundations) carried out to reinforce the company's image in the eyes of first-time applicants, workers in situations of change, and professionals in a passive or active search. However, that image can also trigger positive impressions among potential customers, suppliers and opinion leaders.

Numerous studies confirm that a strong (external) employer brand critically influences the attraction of candidates [36, 47, 48]. It is argued that the employer's image affects job search decisions and the intentions of choice [49–51]. Accordingly, companies with strong brand identities would be preferable to those with weak or negative ones [49]. According to some researcher, the greater the employer's appeal, the greater the attraction of talent is [39]. A good brand image as an employer therefore facilitates recruitment processes, reducing the cost and time involved, and increasing the number of applicants [49]. On the one hand, the effectiveness of recruitment processes helps to improve hiring decisions, as more applications give the organization more options, allowing it to be more selective. On the other hand, organizations can reduce the cost of hiring by up to 50% and shorten the time required for filling vacancies [52]. As a result, an employer that can attract more suitable talent enjoys greater benefits from its workforce and gains a competitive advantage out of it [53].

Could employer branding practices attract talent to organizations that have undergone downsizing processes? As mentioned above, these organizations should first focus their efforts on improving the internal work environment. This would contribute to improving the external image through the opinions of current employees. A posteriori, they could also direct their external practices toward redressing the unease among potential candidates that downsizing processes could happen again, noting that the organization has managed to recover stability after fluctuations and restructuring processes. The difficulty lies in conveying a congruent and credible message, creating a "brand promise" that meets candidates' expectations once they have joined the organization. Nevertheless, we do believe that companies affected by downsizing processes may have more difficulty attracting talent and skills. Potential recruits may have negative associations with the company, and therefore be reluctant to consider working for the organization. We also argue that the most talented and skilled employees have higher employability rates; therefore, if they are employed, they will be more likely to be retained by their current employers. Recent reports have warned of a shortage of qualified employees (e.g., *Employer Branding: When the perception can become reality* by Randstad (2014) and *The 2017 Fortune 500 Top 100 Employment Brands Report*), which has led many organizations to declare the *war for talent*, as predicted by some author [54]. However, we also argue that the attraction of talent may depend on different variables (such as gender, age or sector), which furthermore change with each employee's personal evolution. We therefore believe it is easier for organizations to focus on attracting young talent and subsequently retaining it.

Good examples of this are the many initiatives that companies have launched to attract talent, with an emphasis on young candidates. For a long time now, job security has been top of the list of best policies for attracting and managing talented employees [55]. However, salary, career opportunities, work environment and reconciliation are increasingly gaining weight in making a company “the most attractive”. Companies that compete to attract talent must therefore tailor what they offer to employees’ expectations.

Most of the companies in the *Merco Talent Ranking* (see **Tables 2** and **3**) have opted for the implementation of projects related to young talent. For example, *Nestlé* has launched *Nestlé needs YOUTH*, an initiative that promotes employment and training for young people within a European framework. For its part, *Santander* supports and finances different employability and youth talent promotion initiatives (e.g., *Universia*, *Talent at Work*, *TalentDay*), and has created the *Extraordinary Human Resources Marketing Chair* in collaboration with the Complutense University of Madrid. *Coca Cola* has also included plans that seek to empower and capitalize young people with few resources, offering them internships and training involving job placements (*Integra Plan* and *GIRA Plan*). Other examples are *Iberdrola Universities Program* or the creation of *Telefónica Technological Institute*. However, companies also disclose their sundry actions related to collaboration with entities and social projects and the implementation of programs to promote art, culture or sports through their foundations (e.g., *Telefónica Foundation* and *Foundation Coca Cola*). The implementation of these external actions has also enabled them to enjoy a greater corporate social reputation, with the consequent increase in brand value as an employer.

5. Conclusions

During the recent period of economic crisis, the headlines reported massive layoffs at most companies around the world. Those companies undergoing severe economic downturns and/or large-scale reorganization initiatives during this period may therefore have witnessed a reduction in brand value as an employer. However, nurturing the employer brand during the downsizing process could also help improve the retention and attraction of talent.

This study has set out to investigate whether there is a *bidirectional relationship* between *downsizing* and *employer branding*. On the one hand, it analyzes whether companies that have downsized have seen their employer brand diminished. On the other hand, the aim has been to verify whether the subsequent adoption of employer brand practices in these companies, which may have seen their brand image compromised, can influence the attraction and retention of the most talented employees.

The analysis carried out in the largest companies operating in Spain and appearing in the top 20 of the *Merco Talent Ranking* has provided preliminary descriptive evidence on the negative impact that downsizing practices may have on brand image as an employer. However, the adoption of internal employer branding strategies can help to improve current employees’ satisfaction and their retention. Likewise, the improvement of the employer’s image in the eyes of employees (who can become *brand ambassadors*) and the implementation of external actions of employer branding can favor the attraction of talented and skilled candidates. Therefore, an

adequate selection and combination of internal and external employer branding practices can enable companies to continue being considered attractive employers even after downsizing, keeping them in the ranking as good places to work.

As a result, investment in employer branding continues to rise in companies that seek to remain competitive, increase employee wellbeing and productivity, and win the *war for talent* [56]. In fact, companies in a high position in the *Merco Talent Ranking* also record a better financial performance in the *Merco Companies Ranking* in Spain.

These conclusions reveal the importance of employer branding, especially for companies that have downsized, although the complexity of their management is highlighted. Our results may have important theoretical and managerial implications. Regarding the implications for scholars, this work highlights the existence of a potential bidirectional relationship (or, to put it another way, a potential circular relationship) between these two HRM practices that have not been previously studied. This study paves the way for a similar descriptive analysis in another country (the ranking used here is also published in many other countries around the world) and/or lays the theoretical foundations for further studies that empirically analyze the impact that one has on the other. For HR practitioners, it boosts their understanding of how certain marketing tools can contribute to an improvement in employee management and talent retention and attraction policies. In this sense, the digital context is providing a wide range of practices and initiatives through corporate websites, social networks such as *Facebook*, *Twitter* or *LinkedIn*, and employment portals and channels such as *Glassdoor* or *Talent Street*, which, on the one hand, are modifying the employer-employee relationship and, on the other, may attract the attention and curiosity of potential candidates.

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Conflict of interest

The authors declare no potential conflicts of interest with respect to the research, authorship, and/or publication of this research.

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