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**Working Paper**

## Employer branding for SMEs: Attracting graduating students in IT industry

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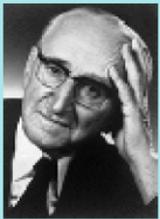
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# Ordnungspolitische Diskurse

## Discourses in Social Market Economy



**Ruey Komulainen**

**Employer Branding for SMEs:  
Attracting Graduating Students in  
IT Industry**

**Discourse 2015 – 4**

Ruey Komulainen

# Employer Branding for SMEs: Attracting Graduating Students in IT Industry

## Abstract

Employer Branding has been an emerging topic in HRM for less than two decades. The concept of Employer Branding is a popular recruitment strategy used by large companies or MNCs. However, researches on the effectiveness of Employer Branding for SMEs are very limited. Thus, this research aims to study the role of Employer Branding in SMEs, especially IT SMEs in Finland. This research focused on the perspectives of graduating students, the prospective employees of SMEs, as the main research targets. The theoretical framework is developed using concepts of Marketing (Lievens and Highhouse (2003)) and Strategic HRM (Barney 1991) and how they are connected within Employer Branding. Quantitative survey is utilised and 181 good responses were collected. The empirical findings suggest that employer branding has positive influence on students' decision to apply for a job in SMEs but on the contrary, the correlation between instrumental and symbolic values of the employer branding to the attitude of the prospective student employees is weak. The study suggests that although Employer Branding is a widely used approach to attract prospective employees by large companies, this concept may not be as effective if applied by the SMEs in the Finnish IT industry.

**Keywords:** IT SMEs, Employer Branding, graduating students

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# **Employer Branding for SMEs: Attracting Graduating Students in IT Industry**

## **1. Introduction**

The recent years in Finland have seen a talent war for labour due to the challenges of aging population and shortage of talents in dynamic industries, especially IT.

Finland is a Nordic country with the population of approximately 5.4 million people. Finland is a part of the Scandinavia and is renowned for its supportive social welfare system. As a highly developed country, Finland's GDP is up to the amount of \$45.000. GDP of Finland comes mostly from Services sector (70%), and R&D activities are strongly valued in this country.

Small and Medium-sized Enterprises (SMEs) are significant elements of Finnish Business environment. According to European Commission (2012), the estimated number of SMEs in Finland in 2011 (based on the figures from 2005-2009) is 212.508, which amounts to 99.7% of total enterprises in Finland. These 212.508 SMEs employ around 869.776 people, which corresponds 61.7% workforce. 195.446 companies in Finland are micro-sized firms. Among the SMEs, 28% of them operate in high-tech or medium- to high-tech activities.

Technology, the principal focus of Finnish economy, accounts for 60% of total Finnish exports, 80% of private-sector R&D investment (Rönkkö, 2011). The IT sector is an integral industry of technology in Finland and Software development is crucial to this industry. The size of the software industry in Finland is estimated to be approximately EUR 3 to EUR 6 billion (Rönkkö and Peltonen 2012). Besides, the Finnish software and IT services sector increased 5.8% in 2012, compared to 3.6% of worldwide software market growth.

Employer branding, thus, has been an emerging topic that draws particular attention from big corporations in Finland as an ideal solution for talent shortage. As a result, there are various researches on this topic for large companies. However, there are

few studies showing a clear relationship between SMEs and Employer Branding. Questions such as “Would employer branding work for SMEs?” or “Would employer branding be a concern for SMEs?” have been raised, yet the answers for them are still limited. A notable research in this field is a master’s thesis from Aalto University, in which the author, Simonen Aleksi (2011) studies the position of Employer Branding in Large Finnish Companies. It was an exploratory research as the study of Employer Branding is still limited up to this point.

This study aims at exploring the connection between Employer Branding and SMEs, specifically Finnish SMEs in IT industry. The foundation of the study would mainly be based on the fields of Corporate Brand, Resource-Based View and the topics of Recruitment and Selection process of Human Resource Management.

Within the scope of this research, the Business and IT students currently studying at Kajaani University of Applied Sciences are considered as the primary targets of research. According to the definition of the European Commission, the term SME comprises of three types of companies based on their size and turnover. Medium-sized companies are those employing less than 250 people and having the turnover of less than EUR 50 million. Small-sized companies employ less than 50 people and have the turnover of less than EUR 10 million. Micro-sized companies, which are the majority of all types, employ less than ten people and have the turnover of less than EUR 2 million. The scope of this study only concentrates on Small and Micro companies. Thus, the term ‘SMEs’ in this research refers to Small and Micro companies based on the definition of European Commission. The study includes key aspects of the business environment in Finland and the IT industry here.

The objective of the research is to answer the following research questions:

- RQ1: What is the impact of Employer Branding on students’ decision to work for an SME?
- RQ2: What attract the graduating students when they look for a job?
- RQ3: From which source do the students build their employer brand perception?
- RQ4: What is the career orientation of the student after graduating?

## **2. Literature review**

### **2.1 Brand as a Marketing Concept**

According to American Marketing Association (Aurand et al. 2005) and Keller (2008), a brand is a consequence of creating a new name, logo, symbol, design or a combination of them for a new product. A brand is structured by brand attributes, which differentiate one brand from another brand. The establishment of a brand would generate the values of awareness, reputation and prominence in the marketplace. This argument suggests that branding is about giving reasons for customer why they should choose this brand instead of another one.

Apart from the value of the product or service, the brand of that product or service has a commercial value itself. This value is derived from the perception of consumers using the product of that brand. In marketing terminology, the value of a brand is construed as 'brand equity'. Aaker (1991) categories brand equity into five brand assets including brand loyalty, brand awareness, perceived quality, brand associations and other proprietary assets.

Corporate brand, according to Balmer (2001), is a means for corporate to deliver characteristics of corporate identity towards its internal and external stakeholders. Employer branding, however, is the message inside corporate branding, the employer branding activities are steered by the strategy of corporate branding. While the target of corporate branding aims at a broader scope, the goal of employer branding is limited to the labour pool. Thus, the apparent connection between corporate branding and employer branding is they both serve as the instrument to convey the organisation's message.

### **2.2 Strategic Human Resource Management**

HRM is 'a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organisations' (Armstrong 2012). The main functions of HRM include Organisation, Resourcing, Learning and Development, Reward Management and Employee Relations.

Regarding Recruitment and Selection, Armstrong (2009) illustrates that recruitment is the whole process of attracting and catching sight of candidates that fit the job or

organisation. This suggests why Employer Branding, which is partially concerned with attracting potential employees, is closely related to Recruitment.

### **2.2.1 Resource Based View (RBV)**

Resources of a firm, from the viewpoint of Barney (1991), are everything including assets, capabilities, organisational processes, know-how, human capital, etc. that empower a firm to formulate and utilise a specific strategy. Based on previous researches of (Williamson 1975), (Becker 1993) and Tomer (1987), Barney (1991) categorises resources into three fields that are physical capital resources, organisational capital resources and human capital resources.

Human capital is considered an important source of competitive advantage and the corporate goals are achieved through human resources of the organisations using the means of 'integrated HR strategies, policies and practices' (Armstrong 2006, 2011, 2012). Barney (1991) points out that resources of a firm are everything including assets, capabilities, organisational processes, know-how, human capital, etc. that empower a firm to formulate and utilise a specific strategy. Wright, McMahan, and McWilliams (1994) mention that all those four requirements: value, rarity, inimitability and non-substitutability are potentially possessed by the employees. Colbert (2004) further argued that that RBV is an integrating ground for SHRM in which "most resource-based arguments are rooted in human resources – the skills, knowledge, and behaviour of employees – or organizational resources – control systems, routines, and learning mechanisms – that are products of complex social structures built over time and, thus, are difficult to understand and imitate".

The theory review of SHRM and the Resource-Based View of SHRM provides a solid ground to consider HRM as a valuable source for sustainable competitive advantage. The reason behind this is that HRM has all four elements of such competitive advantage namely value, rarity, inimitability and non-substitutability. Only when human capital is viewed as a source of sustainable competitive advantage that help organisations outpace in the market and fulfil their goals can they value human resources and spend the effort to attract and develop an effective strategy for them. The aforementioned reasoning suggests that Employer Branding is a part of HRM strategy. The presence of RBV in SHRM would leverage the status of HRM in every organisation.

### **2.2.2 Employer Branding**

Employer Brand is as concept denoting perception of current and prospective employees toward an organisation as a great place to work (McLeod and Waldman, 2013). In line with this definition, Employer Branding is the process of sending out the 'great place to work' image to those groups.

Generally speaking, Marketing is the communicating process of selling a product or service to customers. On the other hand, Human Resource Management plays the role of attraction, recruitment, selecting, training, development, assessment, rewarding and other activities related to employment. Thus, Employer Branding is regarded as the connection between those two fields as it involves building an appealing image of the employer in the mind of potential employees. Thus, Marketing concepts of branding, image, reputation, awareness, and HR concepts of organisational identity and employee satisfaction are converged in Employer Branding (Barrow and Mosley, 2005).

In marketing literature, the repeated exposure of a brand would increase its familiarity and, thus, brand awareness. Experiences of a brand that a consumer can have include seeing, hearing, thinking about it. Discussing about brand awareness, Keller (2008) illustrates that 'various forms of exposure ranging from 'brand name, symbol, logo, character, packaging, or slogan' to advertising and promotion, sponsorship and event marketing, publicity and public relations, and outdoor advertising have the possibility of increasing familiarity and awareness among the consumers. Similarly in Employer Branding, the perceptions of consumers (in this case, current and potential employees) towards the employer brand are partly shaped by their exposure of the brand.

Another perspective of Employer Branding to consider is how a job or organisational factors and characteristics of a company affect the perceptions of potential employees towards the company's attractiveness as an employer. Lievens and Highhouse (2003) have conducted research on this aspect in which they assume that the instrumental-symbolic framework has major significance on attracting applicants to the companies.

**Table 1.** Instrumental-Symbolic Framework in Marketing (Lievens, Highhouse 2003)

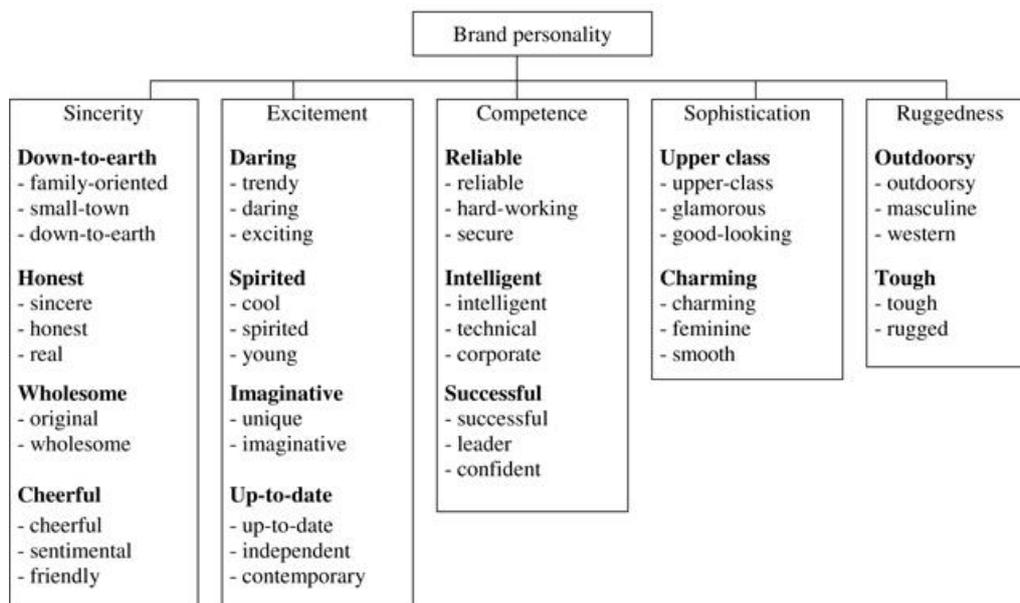
	Instrumental attributes	Symbolic attributes
Synonyms	<ul style="list-style-type: none"> <li>• Utilitarian or functional attributes</li> </ul>	<ul style="list-style-type: none"> <li>• Self-expressive attributes</li> </ul>
Content (Keller 2008)	<ul style="list-style-type: none"> <li>• Product-related attributes</li> <li>• Describe a product regarding objective, physical, and tangible attributes that a product either has or does not have</li> </ul>	<ul style="list-style-type: none"> <li>• Non-product-related attributes, especially user imagery</li> <li>• Describe a product regarding subjective and intangible attributes that accrue from how people perceive a product and make inferences about it rather than what a product does/has</li> </ul>
Motive (Katz, 1960; Shavitt, 1990)	<ul style="list-style-type: none"> <li>• People’s need to maximize rewards and minimize punishments. In other words, they enable consumers to maximize benefits and minimize costs</li> <li>• Utility serves as the primary reason for consumers’ attraction to instrumental attributes</li> </ul>	<ul style="list-style-type: none"> <li>• People’s need to maintain their self-identity, to enhance their self-image, or to express themselves (beliefs, traits, personality, etc.)</li> <li>• Self-expression serves as the primary reason for consumers’ attraction to symbolic attributes</li> </ul>
Example	<ul style="list-style-type: none"> <li>• A consumer wants to buy a car because it drives fast and has comfortable seats</li> </ul>	<ul style="list-style-type: none"> <li>• A consumer wants to buy a car because it seems cool and trendy</li> <li>• Sincerity: ‘A workplace that is open, friendly and sincere where honesty is emphasized’.</li> </ul>

Source: Lievens, Highhouse (2003)

Within symbolic attributes, they utilised the literature of brand personality developed by Aaker (1997) to explore how symbolic values of the jobs and organisations affect how the students form perceptions towards employer brands. Within this research, the five symbolic attributes are interpreted as following:

- Excitement: ‘A workplace where my innovative and creative thinking are encouraged and valued’.
- Competence: ‘A workplace where my competencies are valued and rewarded’.
- Sophistication: ‘A workplace where the values of being trendy, classy or having charming style are appreciated’.
- Ruggedness: ‘A workplace which is dynamic, performance-driven and result-oriented’.

**Figure 1. Brand personality scale (Aaker 1997)**



Source: Chase (2012)

## 2.4 Theoretical framework of the research and the questionnaire

Within the questionnaire, each question corresponds a domain of knowledge presented in chapter 2 and 3. Question 1 aims at figuring out if the concept of ‘Employer Branding’ is popular among the students. The knowledge of students about the researched topic would determine how they react to following questions.

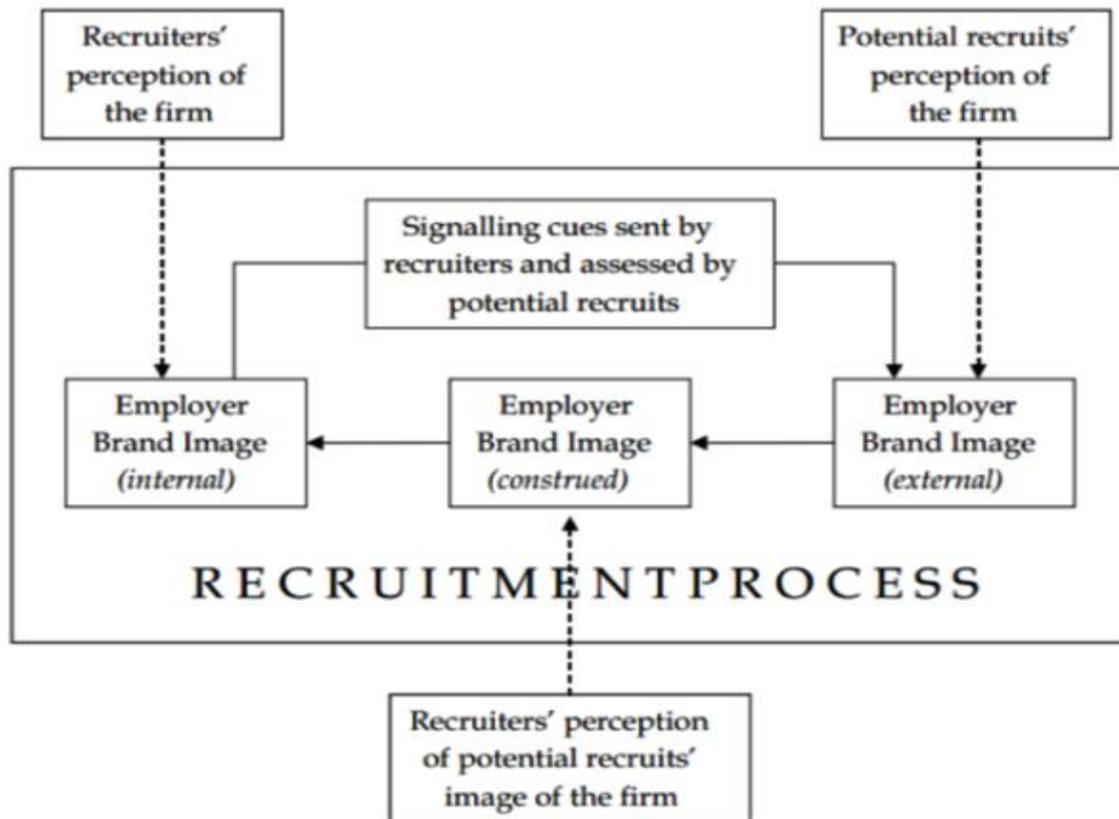
The survey consisted of 8 questions. Questions 2 (7 items) and question 3 (6 items) are coordinated with the literature of instrumental and symbolic values of employer brand (Lievens and Highhouse, 2003). However, Question 3f is not as part of the literature but is intentionally included to study the importance of international diversity when students look for a job. Question 4 (8 items) lists out the possible sources that are most likely exposed to the students. Question 4 is included to investigate how experiences of the perceivers affect the process of building brand awareness and how brand awareness is shaped (Keller, 2008). Then, question 5 (3 items) closely reflects the facts presented in chapter 3. The sub-questions in question 5 help discover the career preference of the students after graduating. Responses from question 5a and 5b are expected to show if there is a connection between working for a SME and working in IT industry, and, thus, leading to working in a SME in IT industry. Questions 6 and 7 directly figure out opinions of students towards SMEs' employer brand and the impact of SMEs' employer brand (if any) on students' preference. Lastly, question 8 is an additional open-ended question to acquire other opinions on how a SME could attract the students if its employer brand does not work.

**Figure 2.** Employer Branding in recruitment process

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|--|
| <p><b>H1:</b> Employer Brand positively affects student's decisions to apply for a job in SMEs</p> <p><b>H2:</b> Instrumental attributes are positively related to perceptions of students on Employer Branding.</p> <p><b>H3:</b> Symbolic attributes are positively related to perceptions of students on Employer Branding.</p> <p><b>H4:</b> In Employer Branding, symbolic values have stronger influence than instrumental values.</p> <p><b>H5:</b> Students prefer to work for companies with more than 50 employees</p> |
|--|

Source: Knox, Freeman (2006)

**Figure 3. Recruitment process**



Source: Dukerich, Carter (2000)

**Table 2. Theoretical framework**

**Research objective: Study the role of Employer Branding in IT SMEs in Finland**

Literature	Research Questions	Hypotheses	Survey Questions
<b>Employer Brand</b>	<b>RQ1:</b> What is the impact of Employer Branding on students' decision to work for a company?	<b>H1:</b> Employer Brand positively affects student's decisions to apply for a job in SMEs	Question 6 and 7
<b>Instrumental and symbolic attributes of Employer Branding</b>	<b>RQ2:</b> What attract the graduating students when they look for a job?	<b>H2:</b> Instrumental attributes are positively related to perceptions of students on Employer Branding <b>H3:</b> Symbolic attributes are posi-	Question 1, 2, 3 and 7

		tively related to perceptions of students on Employer Branding <b>H4:</b> In Employer Branding, symbolic values have stronger influence than instrumental values.	
<b>Brand awareness</b>	<b>RQ3:</b> From which source do the students build employer brand perception?		Question 4
<b>Business environment in Finland</b>	<b>RQ4:</b> What is the career orientation of the students after graduating?	<b>H5:</b> Students prefer to work for companies with more than 50 employees	Question 5

### 3. Methodology

This research was conducted with quantitative methods using paper survey. The data gathering in quantitative social studies is done from a group people who represent a certain population via a questionnaire designed for the purpose (Bryman & Bell 2007: 632-4). Questionnaires are used to ensure an orderly and structured approach to data gathering (McDaniels & Gates 2006: 35). Since the main targets are students studying in Kajaani University of Applied Sciences, the survey was circulated physically in lectures and collected on the spot to ensure high responses rate and completeness of survey answers. The data is then input into excel through a maker, and the author then acts as a checker to ensure input accuracy. The data is the analysed with SPSS programs.

#### 3.1 Quantitative Research

A fixed questionnaire with closed-ended questions is chosen as this type of research allows the usage of various statistical analysis tools. This chosen method would make the collected data quantifiable, reliable and easy to generalise to larger population, which helps understand the role of Employer Branding in a larger scale.

### **3.2 Data Collection**

The IT and Business students from 12 groups at Kajaani University of Applied Sciences are the target in this research. Within the 181 respondents, 40 are business students and the other 141 are IT students. Within those students, there are 93 first year students, 79 second year students, 8 third year students and 1 last year student. The number of senior students is limited since most of them are not present as they are doing their practical training or do not have any other classes.

The students from 12 groups were directly asked to do the questionnaire in the classrooms during the lecture, as the approval was given by the lecturers and school president beforehand. The direct approach assures the response rate to be 100% with the sample size of 181.

### **3.3 Questionnaire**

The questionnaire was developed in English, based on the theoretical framework. The survey was then translated into Finnish since almost every targeted student is Finnish or speaks Finnish fluently.

The survey was designed to have 8 major questions; 3 among which are Yes/No questions; one was an open-ended question and the other 4 contain totally 24 sub-questions. In the 4 questions containing sub-questions, respondents were asked to rank their opinions on 1-5 Likert scale (either 'unimportant' to 'very important' or 'strongly disagree' to 'strongly agree' or 'least preferred' to 'most preferred'). The estimated time to answer the survey completely was estimated to be 3 to 5 minutes.

### **3.4 Validity and Reliability**

Content validity is a method to measure whether the research is measuring what it wants to measure, in which the questions on the questionnaire have to relate to the construct measured. This requires the definition of what to measure and discussion of what to include (Mooi and Sarstedt, 2011). This aspect of validity – content validity – could be assessed through the theoretical framework, mainly based on Employer Branding, which clearly defines what to measure and directly links the theory with the items in the questionnaire.

Reliability is assessed using Cronbach's  $\alpha$ , an index that measures internal consistency. The value of Cronbach's  $\alpha$  varies from 0 to 1. The questionnaire is generally regarded as reliable when the coefficient is 0.70. For exploratory studies such as this research, 0.60 is an acceptable value (Mooi and Sarstedt, 2011). Aligning with this guideline, within this questionnaire, the items in Q1 measure the same topic, instrumental values of employer brand. Correspondingly, the items in Q2 measure symbolic values of employer brand. The usage of SPSS makes it simple to calculate Cronbach's  $\alpha$  of items in Q1 and Q2. The coefficient of Q1 is 0.616 (7 items) and that of Q2 is 0.732 (6 items) which satisfy the conditions to be regarded as reliable.

#### **4. Empirical Findings**

The hypotheses of the research were tested by statistical methods to analyse findings of the questionnaire.

***H1:** Employer Brand positively affects student's decisions to apply for a job in SMEs*

The research suggests that there is positive relation between the students' perception that 'SMEs have an employer brand' and 'Employer brand of a SME attracts the students to consider the SME as a prospective employer'. Although the correlation is slight, it can still be drawn out from this result that Employer Brand positively affects student's decisions to apply for a job in SMEs. This means that H1 is accepted.

***H2:** Instrumental attributes are positively related to perceptions of students on Employer Branding.*

In order to test H2, the Mann-Whitney U test is utilised to compare means of answers from two questions Q2 and Q7 to see if instrumental attributes are positively related to perceptions of students on Employer Branding. In Q2, the 1-5 Likert scale was used to measure opinions of the respondents.

In this test, the means of 7 variables are calculated to use for Mann-Whitney U test to compare with the answer from Q7. The calculation of mean rank gives the value of 74.80 for 'No' answers and 89.24 for 'Yes' answers. The p-value is 0.289, which is higher than 0.05. Thus, the means from Q2 and Q7 are equal. This suggests that a change in one variable would not lead to a change in another variable and two variables are not correlated. Therefore, H2 is rejected, which means that instrumental

attrib-utes are not proven to be positively related to perceptions of students on Employer Branding.

**H3:** *Symbolic attributes are positively related to perceptions of students on Employer Branding.*

Similarly, the identical test is carried out to test H3 to explore if symbolic attributes are positively related to perceptions of students on Employer Branding. Within symbolic attributes, the mean rank of 'No' answers is 88.4 while the mean rank of 'Yes' answer is 89.6. The p-value from this Mann-Whitney U test is 0.931, which is very close to 1, implies that the means of Q3 and Q7 are basically the same, and thus, H3 is also rejected. The conclusion from this H3 test suggests that symbolic attributes are not proven to be positively related to perceptions of students on Employer Branding.

**H4:** *In Employer Branding, symbolic values have stronger influence than instrumental values.*

The preconditions of H4, which are H2 and H3 are not fulfilled. Thus, H4 is abandoned due to the unavailability to carry out the test and compare the correlation between two groups Q2xQ7 and Q3xQ7.

**H5:** *Students prefer to work for companies with more than 50 employees*

Reflecting the conditions of Finnish business environment, where 24.5% of the Finnish workforce work for micro-sized companies (less than 10 employees) and 20.5% work for small-sized companies (less than 50 employees). The rest of the workforce are employed by either medium-sized (16.7% of the workforce) or large (38.3% of the workforce) companies. Thus, in prior to this research, it is expected that the majority of the respondents would prefer working for companies with more than 50 employees. However, the results of the study show otherwise. Up to 63% (49.2% preferred and 13.8% most preferred) choose companies with less than 50 employees for their career orientation. This indicates that size of the company is not a matter for the students and can be concluded that H5 is rejected as within the sample research, it seems that the majority of the respondents prefer to work for companies with less than 50 employees.

## **5. Discussions**

Aiming at exploring the role of Employer Brand in SMEs from the perspective of students and, the construct of the research encompasses literature review, research questions, hypotheses and survey questions. While the theories are utilised to reflect the observations, hypotheses and survey questions play a vital role in answering the research questions.

### **RQ 1: What is the impact of Employer Branding on students' decision to work for a SME?**

Most of the respondents strongly believe that SMEs have employer brand and the employer brand of SMEs would significantly affect the decision of the students to consider the SME as a prospective employer. Furthermore, the results also show that those who think that SMEs have employer brand and those who think employer brand of SMEs would attract them have a closely related opinion.

Regarding the impact of Employer Branding on students' decision to work for a SME, Employer Brand has shown to have positive impact on the decisions of students to apply for a job in SMEs. This strongly convinces that exercising employer branding would help SMEs win the people of their choice over other SMEs.

### **RQ 2: What attract the graduating students when they look for a job?**

On the side of instrumental values of employer brand, career opportunity and competitive financial benefits are obviously seen as the most attractive attributes that a student consider when he or she looks for a job after graduating. However, financial benefits are a challenging point for a SME to compete with other SMEs or large companies to attract graduating students, due to limited of fund for HR and branding activities. Notwithstanding, opportunities for career advancement are what SMEs could offer their employees as a selling point.

In terms of symbolic values of employer brand, 'Sincerity', 'Competence' and 'Excitement' are ranked among the top with no significant different between its mean. 'Sincerity' refers to a workplace that is open, friendly and sincere where honesty is emphasized. 'Competence' indicates a workplace where competencies are valued and rewarded. 'Excitement' specifies a workplace where innovative and creative thinking are encouraged and valued. Those are the three symbolic fields that students pay special attention to.

The answer to RQ2 is discovered by testing H2 and H3, H2 and H3 imply that the instrumental and symbolic attributes play an important role on Employer Branding and they shape the perceptions of students towards Employer Branding. The answer could be considered as a guideline for IT SMEs on which attributes they could focus spending efforts on in case they decide to exercise Employer Branding. However, as both hypotheses H2 and H3 are rejected, neither instrumental nor symbolic attributes have direct influence on how students shape perceptions towards Employer Brand of a IT SME and make them consider that SME as a prospective employer.

Although being supported by the research of Lievens and Highhouse (2003), which proves that symbolic attributes hold stronger influence than instrumental attributes, hypothesis H4 could not be tested in this research due to the rejection of H2 and H3.

However, the validity of the two hypotheses H2 and H3 are suspicious. The reason behind the suspect is the limitation of respondents as well as their knowledge of Employer Branding, since most of the respondents are first or second year students. Further analysis on limitation is presented in the conclusion.

### **RQ 3: From which source do the students build their employer brand perception?**

Regarding the sources of employer branding, the data presented give an idea through which channel should employer branding be directed in order to reach the most attendants that SMEs might be interested in. Positioning on the top is the attribute 'use product or service of the company'. This indicates that directly using the product or service of a company has a strong effect on how an individual shape the brand of that company.

The results from Q4 partially support that direct interaction with the employer is one of the strongest source of brand perception. 'Using the product or service of the company' is agreed by the majority, which is 86.7%. Considering applying this practice of Employer Branding in the context of IT SMEs in Finland, the number of products and services of those IT SMEs using by graduating students and the number of students using products and services of those IT SMEs are very limited. Thus, direct interaction can be accepted in this context as the strongest source of Employer Brand for IT SMEs.

#### **RQ 4: What is the career orientation of the student after graduating?**

The results obtained from student's preference towards their career orientation suggest that between working for a company and starting up an own company, most of the students preferred working for a company. Reflecting this tendency, 66.3% of the respondents (38.1% preferred and 28.2% most preferred) are affiliated with the 'work for a company in IT industry' option. Likewise, 63% of the respondents (49.2% preferred and 13.8% most preferred) are on the side of 'work for a SME'. On the contrary, only 30.9% think that starting up a company is their choice (23.2% preferred and 7.7% most preferred). This is seen as an advantage for SMEs that right after graduating, most of the students tend to jump directly to the job market. However, this, as well, is a challenge that it brings up the questions on how to attract and re-cruit the right ones once there are many of the graduates.

Moreover, another challenge for IT SMEs in practising its Employer Branding strategy is that although the majority of students choose to work for a SMEs and the majority also choose to work in IT industry, it should be noted that there is no relationship between this two fields. This translates that IT SMEs might not be a preference for students and it requires attention from IT SMEs to attract the right people. Meanwhile, it is considered as an opportunity when students already prefer to choose either working for a SME or working in IT industry.

#### **6. Conclusion**

The main objective of the research is to study the role of Employer Branding in IT SMEs in Finland. The process of attaining the research objective involves answering four research questions. Theoretical framework of the re-search was built by using the theories of Marketing, Human Resource Management, Strategic Human Resource Management, Resource-Based View and finally Employer Branding. From the foundation of Employer Branding and related topics, research questions have been framed to shape the outline of the research in which several hypotheses were initiated and the questionnaire was conducted to collect appropriate data to test the hypotheses. Eventually, the answers of research questions have been deliver both directly and via testing hypotheses. In addition, Business Environment in Finland is the object of researching.

Quantitative research in the form of a close-ended questionnaire has been chosen for this research as it allows the usage of further statistical methods to analyse numeric data and generalise the result up to a larger scale, which is IT SMEs in Finland.

The outcome of the research is intriguing when it suggests that Employer Branding has positive influence on students' decision to apply for a job at a SME. Thus, the practising of Employer Branding of IT SMEs would seemingly attract the graduating students. However, although mentioning that Employer Branding is useful and several instrumental and symbolic values of Employer Brand appear to gain preferences of the students, both types of instrumental and symbolic values might not have direct impact on perceptions of students towards the Employer Brand. Notwithstanding, larger scale of researches regarding more students in third or fourth year are suggested to conduct as they could help study deeper on the correlation between two types of Employer Brand's value and perceptions of prospective employees towards the Employer Brand.

In addition, the research specifies that using the product or service and having direct interaction with the company are the strongest sources that students build their employer brand perception. Moreover, regarding career orientation after graduating, working for IT SMEs is yet to be seen as a preferable choice for most of the respondents.

## **7. Limitations of the Research and Suggestions for Future Research**

The major limitation of the research is most of the researched students are first year or second year students, which account for 95% of the respondents. The first and second year students are those who just enter school or recently choose their major and start to shape their mind about the real working environment. As a result, it was challenging to generalise the opinions of all the students in general the third and fourth year students were challenging to reach in a large scale.

Another barrier to the research is that information regarding business environment in Finland presented in English language was limited or usually obsolete. It then became a difficulty to approach up-to-date information for the topic researched.

It would be interesting if further research could examine Employer Branding from another perspective which is from the side of IT SMEs. The empirical findings from this

research could be used as preliminary data for that research that view from the side of SMEs. Furthermore, examining the opinion of senior students or student from other parts of Finland is another suggestion for future research. The results would be interesting as they help understand the viewpoint of business and IT students towards Employer Branding in SMEs in general.

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