BH 306

Business Horizons (2008) **51**, 555—565

Available online at www.sciencedirect.com
ScienceDirect

KELLEY SCHOOL OF BUSINESS
INDIANA UNIVERSITY

www.elsevier.com/locate/bushor

The market within: A marketing approach to creating and developing high-value employment relationships

Linda Schweitzer [a], **Sean Lyons** [b,*]

[a] *Sprott School of Business, Carleton University, 1125 Colonel By Drive, Ottawa, ON K1S 5B6, Canada*
[b] *College of Management and Economics, University of Guelph, Guelph, ON N1G 2W1, Canada*

KEYWORDS
Strategic human resource management;
Recruitment;
Marketing

Abstract In the battle for high-value talent, managers need to think like marketers, creating job offerings and employment relationships that provide mutual value for firms and their employees. This article provides a 3-stage framework for the application of marketing techniques to the recruitment and retention of high-value employees. In the first stage, the 4Ps of the marketing mix are used to create compelling job offerings that attract high-value employees. In the second stage, firms use relationship marketing concepts to build long-lasting employment relationships that create mutual value for the firm and its employees. The third stage involves the outcomes of high-value employment relationships, which include greater employee commitment and satisfaction, which then lead to greater employee advocacy of the firm and lower levels of employee turnover. The ultimate proposed outcomes of this approach are increased performance and stability of the firm.

1. Today's hiring managers need to think like marketers

Jeffrey Pfeffer (1994) has argued that in today's information-based economy, human knowledge and innovation are the firm's only non-imitable sources of sustainable competitive advantage. In an increasingly competitive global economy, the firm's success is dependent on its ability to attract, retain, and engage high-value employees: those who have the skills, performance, and motivation to fully realize the firm's strategic objectives (Corporate Executive Board, 1999). As firms compete for top talent, managers are increasingly compelled to think like marketers, using the perspectives and tools developed to attract and retain customers in the recruitment, retention, and management of high-value employees (Maurer & Liu, 2007). Taking a marketing perspective on human resource issues reveals previously unseen conceptual and practical similarities between the two disciplines, and provides a basis for integrative, strategic consideration of such issues.

To date, the fusion of marketing and management concepts has been somewhat piecemeal, providing

* Corresponding author.
E-mail addresses: lschweit@sprott.carleton.ca (L. Schweitzer), slyons01@uoguelph.ca (S. Lyons).

0007-6813/$ — see front matter © 2008 Kelley School of Business, Indiana University. All rights reserved.
doi:10.1016/j.bushor.2008.03.004

useful, but narrow applications from one field to the other. Practitioner-based management literature has advocated the use of marketing concepts and tools to address a variety of human resource challenges, including designing compelling jobs (Corporate Executive Board, 1999), managing HR services (Collins & Payne, 1991), and recruiting employees (Redman & Mathews, 1994). Within the field of marketing, the concept of internal marketing (IM) has been proposed as a means of applying traditional marketing concepts and the marketing mix to develop a customer service orientation among employees (Grönroos, 1990).

In this article we go further, offering a framework that illustrates how marketing concepts and tools can be applied in the development and management of high-value employment relationships. We begin with a brief overview of relevant marketing concepts, and then present the framework, explaining how these concepts can contribute to effective people management.

2. A review of relevant marketing concepts

The field of marketing incorporates a wide variety of concepts and tools aimed at facilitating exchange relationships between sellers and buyers. Even a cursory review of the marketing field would be well beyond the scope of a single article. Our review of marketing concepts, therefore, focuses only on those concepts that are relevant to our framework for recruiting, selecting, developing, and managing employees, which is presented below.

We necessarily begin with a consideration of the marketing concept. Among non-marketers, marketing is often viewed rather narrowly as a tool for influencing, selling, or manipulating customers. However, marketing pioneer Phillip Kotler defined marketing more broadly as the "task of creating and offering value to others for the purposes of achieving a desired response" (Kotler, 1972, p. 46). This famous definition suggests that marketing involves more than inducing customers to purchase goods and services: it involves efforts targeted at the mutual exchange of value, providing both customers and sellers something that is desirable and important to them. Recent decades have witnessed a broadening of the marketing concept from a focus solely on market transactions, or the transactional view of marketing, to a focus on managing relationships with the firm's various publics, or relationship marketing (Webster, 1992). We examine each of these approaches in the following sections.

2.1. The transactional view of marketing

The transactional view of marketing is product-oriented, with the sales transaction being the ultimate objective. From this perspective, the goal of the firm is to use its resources to design, produce, distribute, and promote a product that attracts as many buyers as possible, resulting in the maximum number of sales transactions (Webster, 1992). For many years, this has been the dominant marketing paradigm (Grönroos, 1994).

The central concepts employed in the transactional marketing paradigm are segmentation, targeting, positioning, and the marketing mix. Because it is implausible to try to meet the needs of all consumers with a product offering, marketers subdivide a market into homogeneous segments on the basis of some category of relevant needs or characteristics of customers. Segments that have the most potential are then targeted as the main focus of marketing efforts. Positioning refers to the firm's efforts to create a preferable image or identity for its product, brand, or organization in the minds of its target market. The marketing mix—the familiar 4 Ps, or product, price, promotion, and place—is specifically designed to appeal to the needs and desires of the targeted segments in order to achieve a desired response from the consumer (Solomon, Stuart, Smith, & Sirisi, 2006). The product is the thing that is exchanged with the customer, whether it is a good, service, idea, or bundle of attributes. Price is the value of the product, which is generally assigned by the seller. Place refers to the location or distribution channels through which the product is made available to the customer and exchange is facilitated. Finally, promotion refers to the marketing communication activities undertaken to influence buyers.

2.2. The relationship view of marketing

Relationship marketing has emerged fairly recently as a new perspective in marketing, distinct from the transaction-based approach described above (Parvatiyar & Sheth, 2000). Christian Grönroos, a pioneer in the study of relationship marketing, defined it as "all activities directed towards establishing, developing and maintaining successful relational exchanges," and the "mutual exchange and fulfillment of promises" (Grönroos, 1994, p. 9). The basic assertion of relationship marketing is that developing a strong seller-customer relationship provides customers with an intangible value that is difficult for competitors to imitate or match, which keeps them buying from the firm (Evans & Laskin, 1994). The goal is not necessarily to maximize sales transactions, but to build an unfolding dynamic in which the firm learns more about the customers' needs, preferences, satisfaction, and future purchase intentions as the relationship evolves and responds to them with tailored offerings (Gordon, 1998). In contrast to the transactional 4Ps framework, in which marketing is done *to* the customer, relationship marketing is done *with* the customer (Dixon & Blois, 1983, as cited in Grönroos, 1994).

Arguably the most influential model of relationship marketing is Morgan and Hunt's (1994) commitment-trust model, which posits that shared values, open communication between parties, and the absence of opportunistic behavior all lead to the development of trust within a relationship. Trust also leads to more committed relationships, which are, in turn, affected by shared values, perceived benefits of the relationship, and perceived costs of terminating the relationship. Relationship commitment then leads to greater cooperation and acquiescence, and to a lower propensity to leave the relationship.

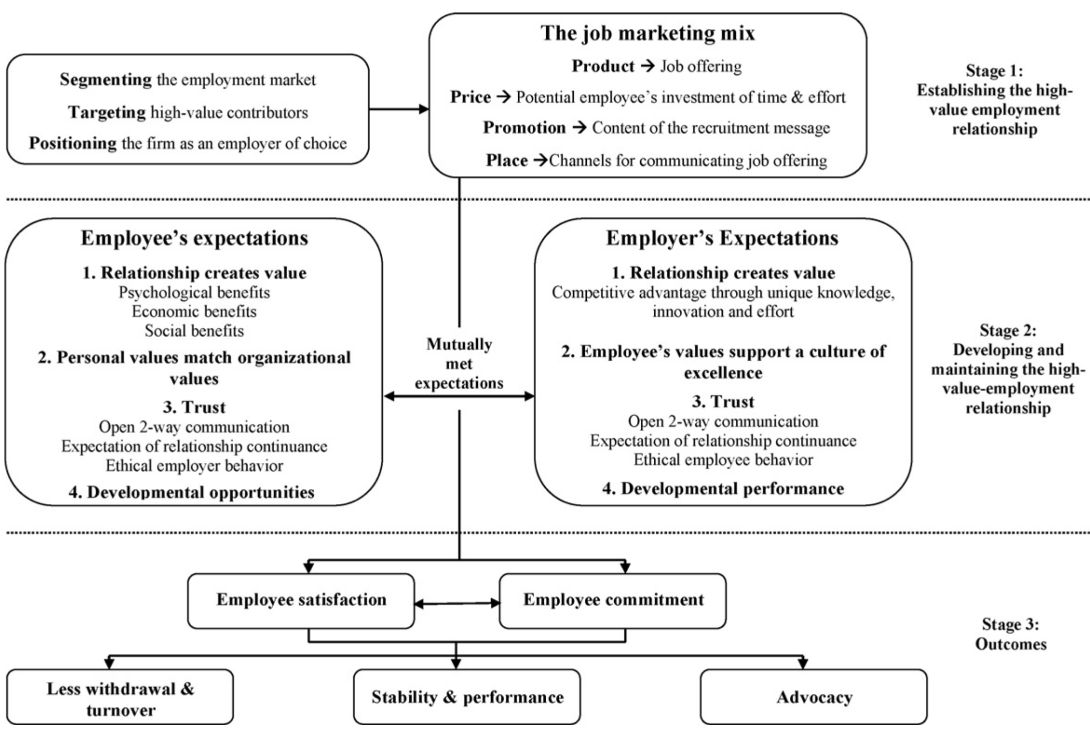
More recently, Hennig-Thurau, Gwinner, and Gremler (2002) proposed a model in which the relational benefits offered to the consumer in the relationship, such as confidence, social recognition, and special status, lead to the consumer's satisfaction with and commitment to the relationship, which in turn lead to loyalty behavior and word-of-mouth advocacy of the seller firm. As will be seen below, we have incorporated elements of both these models in our framework.

Grönroos (1994) has described the marketing concept as a continuum, with relationship marketing on one end and transaction marketing on the other. Transaction marketing applies when the focus is on single transactions, such as in the case of a hot dog vendor at a sporting event. Relationship marketing is focused on building relationships under the assumption that customers provide ongoing value to an organization over their purchasing lifetime (Gordon, 1998). We take the perspective that both transactional and relationship marketing are relevant to the employment relationship at different times, and therefore incorporate both into the different stages of our framework, which we have described below.

3. A new marketing approach to creating and developing high-value employment relationships

Figure 1 depicts our framework for a marketing-based approach to recruiting, retaining, and engaging high-value employees, with the ultimate goal of organizational performance. The framework includes 3 stages:

Figure 1. A model of the marketing approach to management



1. Establishing the employer-employee relationship;

2. Developing and maintaining the employee-employer relationship; and

3. Individual and organizational outcomes.

Although both the transactional and relational approaches can be viewed as relevant to both stages 1 and 2, we propose that their relative importance changes as the nature of the relationship moves from recruit to employee. The concepts and tools of the transactional paradigm are most pertinent to the first stage, which involves the transaction of recruiting a candidate into the employment relationship. Once the employer-employee relationship is established, however, the concepts and techniques of the relationship marketing paradigm become more important as both parties focus on building and maintaining a relationship of mutual value creation.

We further propose that the successful creation and development of high-value employment relationships will lead to a number of positive organizational and individual outcomes. The 3 stages of the framework are outlined in the sections that follow.

3.1. Stage 1: Creating high-value employment relationships

The primary tasks associated with stage 1 of the framework involve identifying the types of potential employees who can provide the most value to the organization in achieving its strategic goals, and recruiting these people into an employment relationship. In colloquial terms, this first stage is akin to a courtship in which the respective parties become aware of each other, learn about each other, and, if they recognize value in pursuing a relationship, make offerings that will induce entry into a relationship.

3.1.1. Segmentation, targeting, and positioning

The establishment stage begins with segmentation and targeting. Naturally, not all individuals have the potential to be high-value employees. An effective HR system needs to identify the types of individuals who have the right mix of knowledge, skills, and abilities, or KSAs, and values to make a significant contribution to the organization's strategic operations. These potential employees are then targeted as the focus of the job marketing process in which elements of the marketing mix are tailored to their specific needs and wants. This people-focused approach differs from the traditional job-focused HR one in which job analysis is conducted to identify the requisite KSAs for a job, and applicants are then recruited to fill the vacant job. This shift is consistent with calls in the literature for a move away from a job-based view of organizations to one focused on individuals' strategic competencies (Lawler, 1994).

Lepak and Snell (1999) proposed a model of the *human resource architecture* that ostensibly suggests segmenting employees on the basis of (a) their value to the organization in enacting its strategies, and (b) the uniqueness of their skills to the organization's strategic mandate. They identified four segments within the organization's labor market, each with its own unique type of employment relationship. The candidates whose organizational roles require skills that contribute directly to the fulfillment of the organization's strategic mandate, and provide unique competencies that are specific to the firm's source of competitive advantage because they have high value or high uniqueness, are the most strategically important to the organization. These candidates constitute the firm's knowledge workers, and should be the focus of the most intensive recruitment efforts. Those roles requiring skills that are neither strategically vital nor unique to the organization, or which have low value or low uniqueness, can be contracted out or staffed with temporary workers without loss of competitive advantage to the firm. The roles that involve unique skills that are of low strategic value to the firm can be handled with strategic partnerships or alliances, such as an attorney with firm-specific knowledge who is retained by the firm in a contractual arrangement. Finally, those roles providing strategic value to the firm, but involving little firm-specific knowledge, should be the basis for traditional job-based employment relationships because the people in such roles are important, but not irreplaceable.

Lepak and Snell's (1999) segmentation scheme allows employers to focus attention strategically on the employment relationships that provide the greatest value to the organization. This is not to suggest that different types of employees should be treated with less respect or decency, but to propose that some employment relationships are especially critical to organizational success and require greater attention and maintenance. This targeting benefits the organization by allowing it to get the most bang for its buck in terms of employer-employee relationships. It also allows the organization to effectively customize its human resource efforts to different types of employment relationships. Therefore, the greatest investment should be in the firm's knowledge workers, with more moderate investment made in job-based employees and in the contingent and contractual relationships with people in the other two types of roles. Perhaps the best example of this approach is Microsoft, which is well known for its use of contingent workers to carry out all but the core strategic functions of the organization (Cusumano & Selby, 1995).

Once the targeted recruits have been identified, the firm must position itself as an employer of choice relative to competitors by creating an appealing *employment brand image*. A powerful but honest recruitment brand will attract candidates who best fit into the organization (Brandon, 2005). The process involves communicating the intangible benefits of organizational membership to potential employees, including its culture, values, vision, possibilities for advancement, and highly valued skills (Brandon, 2005). A notable example is Southwest Airlines, the low-cost American carrier that is known for its success in recruiting and retaining employees. Southwest carefully screens job applicants not just for technical job skills and knowledge, but for customer service values, a strong desire to work with people, and strong willingness to work with others to solve problems (Rhoades, 2006). A key element of Southwest's recruitment program is its strict adherence to a value statement that stresses employee satisfaction as a means to customer satisfaction. By stressing these values in its recruitment, human resource practices, and public relations strategies, Southwest has effectively branded itself as an airline that cares about people—a message that has resonated with employees and customers alike (Miles & Mangold, 2005).

3.1.2. The job marketing mix

As mentioned above, traditional marketing theory dictates that customization of the product offering is achieved through the application of the marketing mix. Within our framework, customization of the job offering is achieved through a job marketing mix, an adaptation of the traditional 4Ps marketing mix to the establishment of an employment relationship. We refer to the *product* of the recruitment process as the *job offering*, the initial set of attributes that are presented to the potential employee as a starting point for the employee relationship (Maurer, Howe, & Lee, 1992). A traditional HR definition of the job might include such attributes as compensation, benefits, work location, job design, and hours of work. The marketing-based approach suggests that the job offering be viewed as a unique value proposition: a total package that is tailored as much as possible to the unique needs and demands of high-value contributors in exchange for their performance in the firm. This broader view might include such aspects as the image or prestige of the firm, its ethical standards, opportunities for interaction with the larger professional community, collegiality of the atmosphere, and the workplace climate. The climate and culture of the organization are critical to the success of the ongoing employment relationship, as will be described below, but are also instrumental to the job itself. Employers must therefore strive to provide a workplace that is attractive, convenient, and comfortable for high-value employees.

The Corporate Executive Board (1999) has suggested using a marketing research tool called *conjoint analysis* to ascertain the work preferences of high-value employees in order to create a compelling offer. This approach involves identifying a representative sample of potential high-value contributors, and providing them with a series of offerings comprised of various sets of attributes. Based on people's rankings of competing offerings, employers can determine which attributes have the most impact in attracting this target group of employees. Such a tool could be integral in creating job products that are tailored to the demands of target employees.

In our framework, *price* does not refer to compensation and benefits, but rather to the employee's investment of time and effort in the organization, at the cost of not investing their time and efforts in other organizations (Jensen, 2002). It is reasonable to expect that high-value employees will have competing job offers from which to choose. The price they pay for accepting a position is the loss of potential gains from other competing job opportunities. It follows that employers should therefore demonstrate to potential employees that their investment of time and effort will be treated as sacred, being cognizant of the fact that employees who perceive little return on this investment will leave for other opportunities.

In our framework, *promotion* refers to the content of the information communicated in the recruitment process. A number of authors have advocated the use of advertising or selling techniques in the recruitment process in order to entice potential employees to apply. More recently, Maurer and Liu (2007) have described a job marketing approach to e-recruiting in which the "job seeker is cast as a potential job consumer and . . . the recruiting manager's goal is to create within the employer's website a variety of job marketing materials and information designed to influence job consumer decisions and search behavior" (p. 306). Their model suggests that successful recruitment requires that employers understand the characteristics and motivations of job seekers, how job seekers process job information, and the effectiveness of the technical features of the recruiting medium.

Place refers to the channel through which the job offering is presented or delivered to potential candidates. This might include face-to-face interviews, online communications, on-site open houses, and third-party agents such as headhunters or employment agencies. A marketing-based approach to delivering job offerings requires that HR practitioners be creative in finding the most appropriate and timely media for communicating job offerings to potential high-value employees. Recruitment channels have rapidly shifted from traditional media, such as newspaper ads and employment agencies, to continuous online e-recruiting on corporate websites and through recruiting sites like Monster.com (Maurer & Liu, 2007). However, it must be acknowledged that many high-value employees, particularly executives and professionals, may be better reached through more personal means, such as headhunters and word-of-mouth networks. It must also be remembered that potential high-value employees will likely be receiving multiple job offers, making the speed of the job offer process a critical element in recruitment success.

3.2. Stage 2: Developing and maintaining high-value employment relationships

Once high-value employees initially commit to the employment relationship, the focus shifts toward stage 2 of our framework: the ongoing development and maintenance of a long-term relationship that engenders further satisfaction, commitment, and engagement. As Rousseau (1990, p. 389) noted, the employer-employee relationship involves not just a formal contract, but also a psychological contract, which reflects both parties' "beliefs in their reciprocal obligations," or what Grönroos terms as "promises" (1994). Our framework conceptualizes the employment relationship in terms of the mutual satisfaction of employees' and employers' expectations. This is what Tsui, Pearce, Porter and Tripoli (1997) referred to as a "mutual investment" relationship, in which both parties engage in activities that exceed mere economic exchange and involve an ongoing commitment to providing each other value.

Unlike stage 1 of our framework, which involves the adaptation of established marketing concepts, stage 2 presents a new model of met expectations that draws ideas from both the management and relationship marketing literatures. In keeping with the relationship marketing models of Morgan and Hunt (1994) and Hennig-Thurau et al. (2002), we propose that employees will expect;

1. To receive a variety of benefits from the relationship (of value to the employee);
2. That the values of the organization match their own;
3. Trustworthiness on the part of the employer; and
4. A developmental relationship, which stresses personal and professional growth.

Similarly, the management literature suggests that employers will expect:

1. That employees provide performance and competitive advantage (of value to the employer);
2. An organizational culture of excellence;
3. Trustworthiness; and
4. Continuous development in terms of skill enhancement and knowledge creation.

The mutual satisfaction of these expectations is proposed to create a relationship from which both parties benefit, leading to positive outcomes. Each of these expectations is discussed in turn below.

3.2.1. A relationship that creates mutual value

We refer to value creation in Figure 1 to suggest that the relationship between employer and employee involves not just an exchange of labor for remuneration, but also a wider range of benefits that provide value for both the employer and the employee. The relationship marketing literature suggests that relationships provide three kinds of value or benefits: economic, social, and psychological (Gwinner, Gremler, & Bitner, 1998). In our framework, we use the term economic benefits to include such things as salary, pay raises, bonuses, health benefits, and retirement benefits (Turnley & Feldman, 2000). Psychological benefits refer to the intrinsic rewards that employees receive as a function of their employment, such as competence or achievement, autonomy, and relatedness (Ryan & Deci, 2000), advancement opportunities, decision-making input, job-responsibility, challenge, feedback and supervisory support (Turnley & Feldman, 2000), empowerment (Conger & Kanungo, 1988), and a sense of meaning and purpose in work (Thomas, 2000). Social benefits refer to the concept of relatedness to colleagues and management. Positive social relationships at work are characterized by respect, warmth, consideration, and trust, and include perceptions of colleagues as friends (Agho, Mueller & Price, 1993) and managers as supportive (Stinglhamber & Vandenberghe, 2003).

The employer's expectation is that the high-value employee will create value for the firm by exerting maximum effort towards organizational goals, performing job assignments that are beyond the scope of his or her pre-determined role, assisting junior colleagues, striving to improve their expertise and performance, and contributing to a positive organizational climate and culture (Tsui et al., 1997). Over time, employees are expected to improve performance, becoming more knowledgeable, skilled, and productive (Liljander, 2000). This is especially true of high-value employees, whose knowledge and abilities are central to the firm's competitive position.

3.2.2. Shared values and a culture of excellence

Knowledge-age organizations increasingly emphasize values as a means of motivating employees toward strategic imperatives (Anderson, 1997). According to Dawis and Lofquist's *Theory of Work Adjustment* (1984), the congruence of employee and organizational values is a critical factor in the effectiveness of the employment relationship. We therefore propose that employees will perform best and remain within the organizations whose cultures match employees' personal values. The importance of shared values to effective relationships is echoed in the marketing literature by Morgan and Hunt (1994), who view value congruence to be antecedent to trust and commitment.

From the employer's perspective, employees are expected to support and engender an organizational culture of excellence that contributes to quality, performance, and customer satisfaction (refer to Peters & Waterman, 1982). Organizational culture involves values, norms, and beliefs about the appropriate behaviors and attitudes within the organization (Robbins & Langton, 2005). The organization's culture is both a reflection of and has a profound impact on employee behavior and attitudes (Peck, Payne, Christopher, & Clark, 1999). Furthermore, the alignment of an employee's values and the organization's culture has been linked to job satisfaction and turnover (Hunsaker & Dilmarter, 2004). The expectation that employees will share the cultural values of the organization is reflected in the increasingly common practice of value-based hiring (Dessler, 1993) and values-based management (Anderson, 1997).

Anderson (1997) has argued that the key to effective values-based management is the development and promulgation of an organizational values statement that drives the organization's mission, objectives, and strategies, and creates stability, teamwork and trust by codifying the guiding principles for decision-making and behavior within the organization. A values statement serves as a powerful signal to employees about what they can expect and what is expected of them as members of the organization. Toyota, for example, has clearly stated its values of quality and continuous improvement, and uses those values as principles in selecting and evaluating employees (Dessler, 1993). This allows Toyota to recruit and select employees with a clear dedication to its core values, and to reward and promote employees who embody those values.

3.2.3. Trust

Both the marketing and management literatures argue that trust is a critical element of successful relationships. Trust can be defined as an expectation that a relationship involving vulnerability and dependence will result in mutual gain (Hosmer, 1995), or as "confidence in the exchange partner's reliability and integrity" (Morgan & Hunt, 1994, p. 23). Trust in organizations has been linked to a wide variety of positive outcomes including employee satisfaction and commitment, communication, conflict, and performance (Dirks & Ferrin, 2001).

We propose that effective employment relationships are dependent on trust as an expectation on both the employer and employee sides of the relationship. In our framework, trust is comprised of three components. First, we posit that trust is engendered through effective two-way communication. Communication that is honest, open, and timely can clarify objectives, align perspectives, foster trust (Morgan & Hunt, 1994), and develop knowledge, experience, and expertise (Peck et al., 1999). These attributes apply equally to both employer and employee. That is, firms should communicate openly with employees, and provide lines of communication from the bottom up.

Second, trust is dependent on the expectation that the employer-employee relationship is open-ended, and will continue so long as it provides mutual benefit. The importance of loyalty to building trust is discussed in both the relationship marketing literature (Buttle, 2004) and the management literature (Costigan, Ilter, & Berman, 1998). From the employee's perspective, this involves the expectation that he or she will not be terminated, except for just cause. An employee who fears for his or her job cannot be an effective performer on a sustained basis. From the employer's perspective, trust implies that the employee will be loyal and seek to remain with the organization

(Costigan et al., 1998). An employee's willingness and desire to stay with a firm is central to the concepts of organizational commitment (Meyer & Allen, 1997) and employee engagement (Gibbons, 2007), and is critical to the continuity of the firm and its culture. This is especially true of high-value employees, whose knowledge and expertise may be irreplaceable and invaluable to competitor firms.

Third, we propose that trust is contingent on the presumption that both parties will refrain from opportunistic or unethical behavior that jeopardizes the relationship (Costigan et al., 1998; Morgan & Hunt, 1994). There is no clearer indication of the integrity and reliability of another party than their behaviors, past and present. Any suspect behavior on the part of employers or employees would create distrust, sending a clear signal that they cannot be relied upon to faithfully uphold their end of the relationship.

Trust is exemplified by the management of Malden Mills, a Massachusetts textile company that refused to close its U.S. production facilities, even after many competitors had done so. In 1995, following a fire that destroyed its mill, CEO Aaron Feuerstein decided to rebuild in New England rather than taking a sizeable insurance settlement and closing the company or relocating to a cheaper labor climate. Furthermore, Mr. Feuerstein guaranteed the jobs of all Malden Mills' employees and continued to pay their full wages and benefits during the rebuilding, at a cost of over $13 million (Nohria, Piper, & Gurtler, 2003). Mr. Feuerstein noted:

> Workers are not just a pair of hands; they make the difference in a product. If you want to beat the competition with a better product you must do it with quality, and quality is impossible unless you have the allegiance of the workers. (Nohira et al., 2003, p.5)

The workers at Malden Mills displayed their trust in the company by offering their pension fund to assist in the rebuilding of the company (Nohira et al., 2003). Although Malden Mills faced significant challenges in its rebuilding, it benefited from an extremely low employee turnover rate of 5% (Elsdon, 2004), which provided stability which the company could build on.

3.2.4. Developmental opportunities and performance

A final expectation in our model is that the employment relationship will develop over time to the mutual benefit of employer and employee. As noted previously, the unfolding nature of relationships is central to the relationship marketing literature, where it is assumed that both parties will seek additional value from the relationship over time (Gordon, 1998). For the employee, development represents the employer's investment in his or her continued growth, and the attainment of progressively greater knowledge, skills, and abilities. This includes training, but extends beyond job-based training to include the ongoing growth of employees as they progress through successively more challenging assignments (Belcourt, Bohlander, & Snell, 2005). In today's rapidly changing work environment, continuous development is necessary to avoid skill obsolescence. Employees will therefore seek employment relationships that invest in their personal growth (Jensen, 2002).

For the employer, sustainable competitive advantage is created when employees are trained and encouraged to use their abilities to create knowledge (Pfeffer, 1994; Sharkie, 2003). This is particularly true in the case of high-value employees, whose knowledge and skills are organization-specific, making them a unique organizational resource (Lepak & Snell, 1999). The expectation, therefore, is that employees will make use of the training and developmental opportunities they are afforded in their jobs to create value for the organization.

A marketing approach to training, development, and rewards would include employee input into their design (Liljander, 2000). Employers have an advantage over marketers with respect to developing relationships: while marketers face the challenge of collecting information on their potential and existing customers with respect to their wants, needs, and expectations, employers have the opportunity to get to know all of their employees and to work with them to form developmental plans that simultaneously benefit individual employees and the organization as a whole (Liljander, 2000).

Overall, stage 2 of our model suggests that employers need to understand what high-value employees expect in terms of the benefits that they seek from the employment relationship, the values that they bring to the relationship, the trust they engender, and the developmental opportunities that they seek. They must also clearly communicate their expectations for benefits, values, trust, and development to employees, and search for synergies that can be built to meet both parties' expectations as much as possible. The key to this stage is understanding the bilateral nature of these expectations, and ensuring that neither party is ignorant or inattentive to the other party's expectations. The practice of customer relationship management (CRM), an approach which involves the collection and analysis of customer information, presents a useful marketing tool that can be adapted by employers to help manage relationships with high-value employees.

Such an approach might focus on meeting and exceeding high-value employees' expectations, constantly creating new value for valued employees, and rewarding loyalty with loyalty (Buttle, 2004). Only when this happens does the employment relationship provide high levels of value for both employee and employer.

3.3. Stage 3: Outcomes of effective employer-employee relationships

Our framework proposes that an ongoing employment relationship of mutually met expectations will benefit both the high-value employee and his or her employer. We propose that the satisfaction and commitment of employees is an important precursor to a number of benefits to the employer, such as reduced employee withdrawal and turnover, greater employee advocacy, and firm stability and performance. Each of these outcomes is discussed in turn below.

3.3.1. Satisfaction and commitment

The concepts of satisfaction and commitment have received vast attention as outcomes in both the management and marketing literatures. In marketing, satisfaction with and commitment to the value relationship are viewed as necessary conditions for repeat purchases (Hennig-Thurau, et al., 2002; Morgan & Hunt, 1994). In management, satisfaction with and commitment to the employment relationship are important elements of employee motivation, and ultimately performance (Locke, 1976; Meyer & Allen, 1997). A consistent finding in the management literature is that when employees' expectations for their job and work environment are met or exceeded, they report satisfaction with their job, and they report dissatisfaction when their expectations are not met (Wanous, Poland, Premack, & Davis, 1992). Similarly, research has shown that met expectations lead to commitment to one's organization (Meyer & Allen, 1997; Wanous et al., 1992).

We therefore propose that meeting or exceeding employees' relational expectations will lead to employee satisfaction, and commitment to the employer. Those organizations that are successful at determining, and meeting or exceeding, the expectations of high-value employees with respect to benefits, values, trust, and development will reap the rewards of satisfied and committed employees. Internal research is essential to benchmark employees' levels of satisfaction and commitment, and to determine sources of dissatisfaction and low commitment so they may be targeted with new relational offerings. The tools of market research, such as surveys, interviews, and focus groups can help employers understand which elements of the relationship are strong, which are weak, and what needs to change.

3.3.2. Less withdrawal and turnover

We further propose that satisfied and committed employees will be less likely to engage in withdrawal behaviors ranging from absenteeism to withdrawal. Employee turnover theory suggests that most avoidable employee turnover begins with dissatisfaction and low levels of commitment, which lead to intentions to quit, and then actual search and exit behavior (Griffeth & Hom, 1995). Even among employees who do not elect to quit the organization, dissatisfaction and low commitment can lead to various forms of withdrawal or neglect, such as increased lateness or absenteeism, lower productivity (the so-called "effort bargain"), and lessened quality of work (Farrell & Rusbult, 1992).

Turnover is costly to firms because of the need to recruit, staff, and retrain workers to replace those who leave. In the case of high-value workers, who take with them firm-specific knowledge, skills, and abilities, and whose value contributes to the strategic advantage of the firm, turnover is deadly, representing the loss of a vital corporate resource. Firms would therefore be wise to adapt the CRM approaches discussed in stage 2 of our framework to keep employees engaged in the achieving the firm's goals.

3.3.3. Advocacy

Our framework further proposes that commitment and satisfaction will lead to advocacy, which refers to employees' willingness to act as "part-time marketers" (Grönroos, 1990; Peck et al., 1999) of the organization to both potential customers and potential employees. This reflects a willingness to recommend the organization to others through word-of mouth interactions (Buttle, 1998; Hennig-Thurau et al., 2002). The goal of turning employees into part-time marketers of the firm is central to the notion of internal marketing, and helps to extend the reach of traditional marketing practices by focusing all employees on customer satisfaction. From the perspective of human resources, advocacy helps extend the firm's recruitment efforts as well. Research has shown that employees who are recruited through referrals by existing employees tend to demonstrate greater levels of quality and satisfaction, and lower levels of turnover, than more formally recruited employees (Breaugh, 1992). In essence, giving employees reasons to believe in their company also gives them reasons to act as advocates of the company.

3.3.4. Stability and performance

Finally, we propose that employee satisfaction, commitment, and advocacy, as well as reduced withdrawal and turnover, will lead to enhanced organizational stability and performance. Satisfied, committed employees are engaged, productive, and more likely to work to their full potential, thus increasing performance. Reductions in turnover and withdrawal increase stability in the organization, as the need to recruit and train new employees to replace job-leavers will be diminished. This will allow both employees and employers to focus on creating value for the organization, thus leading to increased performance. Employee advocacy of the firm will also lead to stability and performance as advocate employees help the organization to secure resources in the form of customers and new employees, on the strength of their own commitment to, and satisfaction with, the organization.

These propositions are supported by the finding of Tsui et al. (1997) that employees in mutual investment relationships performed better, and demonstrated more organizational citizenship behavior than did employees in transactional relationships. Furthermore, a recent study found that, overall, firms that were identified by *Fortune* magazine in their 2007 list of the "100 Best Companies to Work For" enjoyed greater returns than their counterparts on the S&P 500 (Dickler, 2007). This demonstrates that being an employer of choice pays off in terms of the bottom line.

4. Final thoughts

The time is ripe for a new overarching perspective on managing people that recognizes human knowledge and innovation as critical sources of sustainable competitive advantage. It has become clichéd for firms to declare, "People are our greatest asset;" however, many do not reflect this aphorism in their strategic HR practices. In the 21st century, it will be the organizations that dedicate attention to both internal and external market relationships that thrive.

An increasingly competitive global labor market requires that high-value employees be actively sought out, retained, and fully engaged, rather than externally motivated or coerced to contribute. In this article, we have outlined a framework for the application of marketing concepts to the creation and development of mutually-beneficial, high-value employment relationships. This fusion of ideas from the fields of marketing and management helps invigorate discussion and re-envision the employment relationship as an ongoing exchange, which, if managed and nourished, can deliver mutual long-term value.

However, this approach must be applied with caution. Although it is instructive to view employees as similar to internal customers, and to view the employee-employer relationship as similar to a marketing relationship, employees are not customers in the traditional sense of the buyer-seller relationship. As such, we encourage a careful adaptation of marketing techniques for the internal market, and a full consideration of the differences between seller-customer relationships and employment relationships.

References

Agho, A. O., Mueller, C. W., & Price, J. L. (1993). Determinates of employee job satisfaction: An empirical test of a causal model. *Human Relations, 46*(8), 1007—1027.

Anderson, C. (1997). Values-based management. *Academy of Management Executive, 11*(4), 25—46.

Belcourt, M., Bohlander, G. W., & Snell, S. A. (2005). *Managing human resources*. Toronto: Thomson Nelson.

Brandon, C. (2005). Truth in recruitment branding: the key to success is honestly portraying your organization's strengths and culture. *HRMagazine, 50*(11), 89—93.

Breaugh, J. A. (1992). *Recruitment: Science and practice*. Boston: PWS-Kent Pub Co.

Buttle, F. A. (1998). Word of mouth: Understanding and managing referral marketing. *Journal of Strategic Marketing, 6*(3), 241—254.

Buttle, F. A. (2004). *Customer relationship management: Tools and concepts*. Burlington, MA: Butterworth-Heinemann.

Collins, B., & Payne, A. (1991). Internal marketing: a new perspective for HRM. *European Management Journal, 9*(3), 261—270.

Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review, 13*(3), 471—482.

Corporate Executive Board. (1999). *The compelling offer: A quantitative analysis of the career preferences and decisions of high value employees* (Workforce Commitment Series, Vol. 3), Washington, DC: Corporate Leadership Council.

Costigan, R. D., Ilter, S. S., & Berman, J. (1998). A multi-dimensional study of trust in organizations. *Journal of Managerial Issues, 10*(3), 303—317.

Cusumano, M. A., & Selby, R. W. (1995). *Microsoft secrets: How the world's most powerful software company creates technology, shapes markets, and manages people*. New York: Free Press.

Dawis, R. V., & Lofquist, L. H. (1984). *A psychological theory of work adjustment: An individual-differences model and its applications*. Minneapolis, MN: University of Minnesota Press.

Dessler, G. (1993). Value-based hiring builds commitment. *Personnel Journal, 72*(11), 98—102.

Dickler, J. (2007). Best employers, great returns. *Fortune*. Retrieved August 21, 2007, from http://money.cnn.com/2007/01/17/magazines/fortune/bestcompanies_performance

Dirks, K. T., & Ferrin, D. L. (2001). The role of trust in organizational settings. *Organization Science, 12*(4), 450—469.

Dixon, D. E., & Blois, K. T. (1983). *Some limitations of the 4Ps as a paradigm for marketing*. Paper presented at the Marketing Education Group Annual Conference. Cranfield Institute of Technology, Cranfield, UK.

Elsdon, R. (2004). Building a strong workforce through affiliation. In N. C. Burkholder, P. J. Edwards, & L. Sartain (Eds.), *On staffing: Advice and perspective from HR leaders* (pp. 199—204). Hoboken, NJ: John Wiley & Sons.

Evans, J. R., & Laskin, R. L. (1994). The relationship marketing process: A conceptualization and application. *Industrial Marketing Management, 23*(5), 439—452.

Farrell, D., & Rusbult, C. E. (1992). Exploring the exit, voice, loyalty, and neglect typology: The influence of job satisfaction, quality of alternatives, and investment size. *Employee Responsibilities and Rights Journal, 5*(3), 201—218.

Gibbons, J. (2007, June). *Finding a definition of employment engagement: Executive action report*. New York: The Conference Board.

Gordon, I. H. (1998). *Relationship marketing: New strategies, techniques and technologies to win the customers you want and keep them forever.* Toronto, ON: John Wiley & Sons Canada.

Griffeth, R. W., & Hom, P. W. (1995). The employee turnover process. In G. R. Ferris (Ed.), *Research in personnel and human resources management* (pp. 245—293). Greenwich, CT: JAI Press.

Grönroos, C. (1990). *Service management and marketing*. Lexington, MA: Free Press/Lexington Books.

Grönroos, C. (1994). From marketing mix to relationship marketing: Towards a paradigm shift in marketing. *Management Decision, 32*(2), 4—20.

Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational benefits in services industries: The customer's perspective. *Journal of the Academy of Marketing Science, 26*(2), 101—114.

Hennig-Thurau, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: an integration of relational benefits and relationship quality. *Journal of Service Research, 4*(3), 230—247.

Hosmer, L. T. (1995). Trust: The connecting link between organizational theory and philosophical ethics. *Academy of Management Review, 20*(2), 379—403.

Hunsaker, L., & Dilmarter, D. (2004). *Training in management skills*. Toronto, ON: Pearson Education Canada.

Jensen, B. (2002). *Work 2.0: Building the future, one employee at a time*. Cambridge, MA: Perseus Books Group.

Kotler, P. (1972). A generic concept of marketing. *Journal of Marketing, 36*(2), 46—54.

Lawler, E. E., III. (1994). From job-based to competency-based organisations. *Journal of Organizational Behavior, 15*(1), 3—15.

Lepak, D. P., & Snell, S. A. (1999). The human resource architecture: Toward a theory of human capital allocation and development. *Academy of Management Review, 24*(1), 31—48.

Liljander, V. (2000). The importance of internal relationship marketing for external relationship success. In T. Hennig-Thurau & U. Hannsen (Eds.), *Relationship marketing: Gaining competitive advantage through customer satisfaction and customer retention* (pp. 159—192). Berlin, Germany: Springer-Verlag.

Locke, E. A. (1976). The nature and causes of job satisfaction. In M. D. Dunnette (Ed.), *Handbook of industrial and organizational psychology* (pp. 1297—1349). Chicago, IL: Rand-McNally

Maurer, S. D., Howe, V., & Lee, T. W. (1992). Organizational recruiting as marketing management: An interdisciplinary study of engineering graduates. *Personnel Psychology, 45*(4), 807—833.

Maurer, S. D., & Liu, Y. (2007). Developing effective e-recruiting websites: Insights for managers from marketers. *Business Horizons, 50*(4), 305—314.

Meyer, J. P., & Allen, N. J. (1997). *Commitment in the workplace: Theory, research and Application*. Thousand Oaks, CA: Sage Publications.

Miles, S. J., & Mangold, W. G. (2005). Positioning Southwest Airlines through employee branding. *Business Horizons, 48*(6), 535—545.

Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing, 58*(3), 20—38.

Nohria, N., Piper, T., & Gurtler, B. (2003). Malden Mills (A). *Harvard Business School Cases*, #9-404-072.

Parvatiyar, A., & Sheth, J. N. (2000). The domain and conceptual foundations of relationship marketing. In J. N. Sheth & A. Parvatiyar (Eds.), *Handbook of relationship marketing* (pp. 3—38). Thousand Oaks, CA: Sage Publications.

Peck, H., Payne, A., Christopher, M., & Clark, M. (1999). *Relationship marketing: Strategy and implementation*. Oxford, UK: Butterworth Heineman.

Peters, T. J., & Waterman, R. H., Jr. (1982). *In search of excellence: Lessons from America's best-run companies*. New York: Warner Books.

Pfeffer, J. (1994). *Competitive advantage through people: Unleashing the power of the work force*. Boston, MA: Harvard Business School Press.

Redman, T., & Mathews, B. P. (1994). Job marketing: An evaluation of managerial recruitment advertising practice. *Human Resource Management Journal, 4*(4), 14—28.

Rhoades, D. L. (2006). Growth, customer service and profitability Southwest style. *Managing Service Quality, 16*(5), 538—547.

Robbins, S. P., & Langton, N. (2005). *Fundamentals of organizational behaviour.* Toronto, ON: Pearson Education Canada.

Rousseau, D. M. (1990). New hire perceptions of their own and their employer's obligations: A study of psychological contracts. *Journal of Organizational Behavior, 11*(5), 389—400.

Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist, 55*(1), 68—78.

Sharkie, R. (2003). Knowledge creation and its place in the development of sustainable competitive advantage. *Journal of Knowledge Management, 7*(1), 20—31.

Solomon, M. R., Stuart, E. W., Smith, J. B., & Sirsi, A. K. (2006). *Marketing: Real people, real decisions*. Toronto, ON: Pearson Education Canada.

Stinglhamber, F., & Vandenberghe, C. (2003). Organizations and supervisors as sources of support and targets of commitment: A longitudinal study. *Journal of Organizational Behavior, 24*(3), 251—270.

Thomas, K. W. (2000). Unlocking the mysteries of intrinsic motivation. *OD Practitioner, 32*(4), 27—30.

Turnley, W. H., & Feldman, D. C. (2000). Re-examining the effects of psychological contract violations: Unmet expectations and job dissatisfaction as mediators. *Journal of Organizational Behavior, 21*(1), 25—42.

Tsui, A. S., Pearce, J. L., Porter, L. W., & Tripoli, A. M. (1997). Alternative approaches to the employee-organization relationship: Does investment in employees pay off? *Academy of Management Journal, 40*(5), 1089—1121.

Wanous, J. P., Poland, T. D., Premack, S. L., & Davis, K. S. (1992). The effects of met expectations on newcomer attitudes and behaviors: A review and meta-analysis. *Journal of Applied Psychology, 77*(3), 288—297.

Webster, F. E., Jr. (1992). The changing role of marketing in the corporation. *Journal of Marketing, 56*(4), 1—18.