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Employer branding strategy as one of the critical success factors for a company

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Brains, like hearts, go where they are appreciated.

Robert McNamara, ex president of Ford Motor Company

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Abstract

The thesis focuses on employer branding strategy as a valid approach to human resources management in today's challenging environment. Becoming an employer of choice and, in consequence, attraction, engagement and retention of high-performance workers or talents are the main goals of this strategy, able to become a source of sustainable competitive advantage and success.

The study provides a broad review of literature on employer branding strategy, rooted in resource-based view of the firm and the field of strategic human resources management. The concept is discussed in terms of its internal and external dimension (internal and external image of a company as a workplace), which ought to be consistent with employee value proposition laying in the heart of the strategy. Furthermore, its harmony and alignment with business strategy, as well as resulting for the organization advantages stemming from its implementation, are explained. The third part of the thesis provides a case study based on analysis of a Polish industrial company, Dr Irena Eris Cosmetic Laboratories. The examined company is considered to be a great workplace with an exceptional organizational culture and the study provides an analysis of determinants and outcomes of its employer image and employer brand.

Abstract – Italiano

L'argomento della tesi è la strategia di employer branding considerata una valida strategia di gestione delle risorse umane in un ambiente difficile e che impone grandi sfide. Diventare un datore di lavoro d'elezione e, come consequenza, l'attrazione, forte impegno e la retention dei talenti sono gli obiettivi principali di questa strategia, capace di essere la fonte del vantaggio competitivo sostenibile e del successo d'azienda.

Lo studio fornisce un'ampia rassegna della letteratura sul tema di employer branding, radicato nella teoria di resource-based view e nel campo di gestione strategica delle risorse umane. Il concetto viene trattato in una duplice dimensione, interna ed esterna, dell'immagine d'azienda sul mercato di lavoro; l'immagine che dovrebbe essere coerente con l'employee value proposition (proposta di valore) che costituisce l'elemento essenziale della strategia. Inoltre, vengono spiegati l'armonia e l'allineamento con la strategia competitiva, nonché i vantaggi derivanti dalla strategia di employer branding. La terza parte della tesi riguarda un case study basato sull'analisi di un'azienda industriale polacca, Dr Irena Eris Cosmetic Laboratories. La società esaminata è considerata un posto di lavoro eccelente, dotato di una cultura organizzativa eccezionale; lo studio fornisce un'analisi delle determinanti e dei risultati dell'immagine dell'azienda stabilita sul mercato di lavoro e dell'employer brand.

Introduction

The key to achieve success in business may be found in various sources. Facing numerous social changes reflected in emerging trends on global markets, the 21st century companies realized the crucial value of human resources, or resourceful humans, in their pursuit of success. Employees became partners, key stakeholders and internal clients within workplaces, and not any more a mere means to implement strategies. Respect given by organizations to individuals and acknowledgement of their skills, commitment, job satisfaction and engagement, as well as discovering the essential role of organizational culture in enabling an above-average performance, laid the ground for strategic human resources management and, quite recently, for employer branding strategy being the subject of this thesis.

Employer branding is focused on building, internally and externally, the image of an employer of choice – a great workplace able to attract, engage and retain outstanding performers. The tools necessary to develop a strong employer brand are: an attractive and accurate employee value proposition (clearly communicated to target candidates and current workers), an exceptional culture based on trust and commitment, and a distinct organizational identity. Strategic alignment of human resources with organizational goals is the ultimate purpose of this concept.

The topic of employer branding strategy was chosen for this Master's thesis because of the author's strong belief that companies are made *for* people; that is the reason why today's businesses ought to put them in the heart of their activities. Respect for humans in all aspects of life, including work life and professional career, is considered to be the fundamental rule – also in the world of business. They are also considered to be the main source of success, thus not only financial, but also *emotional* investment in human capital is indispensable to ensure high performance.

This study aims to illustrate the notion of employer branding strategy and the advantages stemming from its implementation. Drawing on resource-based view of the firm (and the key role of intangible resources in achieving a sustainable competitive advantage) and on the theory of strategic human resources management, being the topic of Chapter I. *People as a key factor of organizational success*, this strategy's features, components and best practices will be developed and described in Chapter II. *The strategy of Employer Branding*. It is

suggested by the literature that through creation of an appealing employment promise and its continuous delivery to current employees, a consistent employer brand significantly contributes to the company's reputation, performance and corporate brand. Moreover, it is argued that caring about employees, understanding and satisfying their needs, and respecting them, is an ethically correct way of managing people within businesses.

In order to provide a valid example of a successful organization with an attractive employer brand, a case study will be analysed in Chapter III. *Case study: Dr Irena Eris Cosmetic Laboratories.* The analysis is based on the author's direct experience (two-months traineeship) in Human Resources Department in Dr Irena Eris Cosmetic Laboratories. Although the company does not apply a formalised marketing approach to employer brand, it is *de facto* a great workplace, appreciated by the committed and loyal staff. Such HRM mindset results in high levels of employees' satisfaction, performance and company's overall outcomes and reputation. However, externally the level of this workplace brand awareness is not that high; implications of this phenomenon are further explained in the final part of the thesis.

I. People as a key factor of organizational success

If you pick the right people and give them the opportunity to spread their wings – and put compensation as a carrier behind it—you almost don't have to manage them.

Jack Welch, General Electric

You can have the best strategy and the best building in the world, but if you don't have the hearts and minds of the people who work with you, none of it comes to life.

Renee West, Luxor and Excalibur Hotel

Human resources are considered to be the most important source of a company's sustainable competitive advantage and success. Their work, engagement, talent, willingness to share their knowledge, time, skills and – in general – giving a part of them to the organization are essential for its existence. As Jack Welch and Renee West (and many others) claim, people's commitment is the secret of an outstanding performance; other resources can be quite easily purchased, built and utilized for business scopes, thus they are not sufficient to guarantee survival and success in a long-term perspective.

But are people resources? Is it not amoral to treat humans as assets, as a means to organizational goals? It is a controversial issue and this is not the scope of this thesis to debate about ethical matters. However, it is important to have in mind that discussing about human resources, about their management and strategy, we are dealing with human individuals – persons who are ends themselves and should not be seen as instruments. Although this reflection might seem contradictory to the topic of human resources management and to the subject of the following sections, I believe that the metaphor *human resources* does not include necessarily de-humanization of people within organizations (as it regards rather the resources *possessed* by humans: skills, competencies, know-how etc.) and it can be used without a negative connotation. In this way it is suggested to interpret this term in the present thesis.

This chapter explores the relationship between a company and its employees as resources – where their place within an organization is and how this relationship is/should be managed. Section 1. includes an introduction to resource-based view of the firm with several classifications of resources and a proposition of a portfolio of resources. It focuses on *critical resources* as the source of a sustainable competitive advantage, identifying within them particularly human resources.

Section 2. treats about the role of human resources management in a company's strategy. Its roots, numerous definitions and components are described and some various approaches are discussed. Significant issues are the distinction between *hard* and *soft* model of HRM and the concept of *fit* (both internal and external) between human resources strategy and business strategy.

In Section 3. the study aims attention at identifying a new role of employees in the 21st century companies. Social changes provoked a review of the traditional stakeholder perspective, putting emphasis on improving relationships between organizations and their employees as a key stakeholder. Some implications and solutions are proposed, in particular the employer branding strategy is recommended as a valid HRM strategy able to meet new labour market's expectations.

Finally, Section 4. situates the employer branding strategy within strategic human resources management.

1. The concept of resource-based view. Tangible and intangible resources

The resource-based view of the firm (RBV), or resource-based theory (RBT), is a field of study emerged within the area of strategic management[1] during the last two decades of

[1] However, RBV has acquired a broad attention in different fields. Mahoney & Pandian in their study show that the RBV fits and "stimulates conversation within mainstream strategy research, organizational economics and industrial organization research", Mahoney J.T., Pandian J.R. (1992), *The resource-based view within the conversation of strategic management*, in *Strategic Management Journal*, Vol. 13, pp. 363-364. According to Peteraf & Barney, this theory "(…) integrates a management perspective with an economics perspective", Peteraf M.A., Barney J.B. (2003), *Unraveling The Resource-Based Tangle*, in *Managerial and Decision Economics*, Vol. 24, p. 309; Galbreath, instead, argues that "The resource-based view of the firm gained (…) prominent attention in the field of strategic management as well as in economics, organization theory, and even other fields (e.g. intellectual capital)", Galbreath J. (2005), *Which resources matter most to firm success? An exploratory study of resource-based theory*, in *Technovation*, Vol. 25, p. 979.

20th century. The concept was first described by Wernerfelt[2] in 1984 and has been developed until nowadays. However, its roots can be found in Penrose's work (1959) which had a great influence on further research[3], as she emphasized the role of a high-quality resources management in building competitive advantage by a company.

What can be called a company's resource? The literature gives numerous definitions and classifications of the subject. Barney (1999) describes resources as:

> *(...) all assets, capabilities, organizational processes, firm attributes, information, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness*[4]

and he classifies them into three categories: physical (including financial) capital resources, human capital resources and organizational capital resources. Wernerfelt (1984), instead, following Caves (1980), defines resources as assets (tangible or intangible) which are semipermanently tied to the company and represent its strengths and weaknesses[5], linking them to the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. Adding to his two categories of resources the Hall's[6] identification of assets (what the company *has*) and skills (what the company *does*) within intangible resources, a more extensive resources portfolio may be defined. Graph 1. describes its components.

Within all possessed resources a crucial role for achieving the success is played by the *critical resources* – the ones that are unique and differentiate the company from its competitors; they are essential and scarce in the sense that the demand for them is higher that the supply. [7] Prahalad & Hamel (1990) define them *core competencies*,[8] focusing in particular

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[2] Wernerfelt B. (1984), *A Resource-based View of the Firm*, in *Strategic Management Journal*, Vol. 5, pp. 171-180.

[3] "Penrose (1959) has been instrumental to the on-going development of the modern resource-based view of strategic management", Kor Y.Y, Mahoney J.T. (2004), *Edith Penrose's (1959) Contributions to the Resource-based View of Strategic Management*, in *Journal of Management Studies*, Vol. 41, Iss. 1, p. 191.

[4] Barney J. (1999), *Firm Resources and Sustained Competitive Advantage*, in *Journal of Management,* Vol.17, No. 1, p.101.

[5] Wernerfelt B. (1984), above quoted, p. 172.

[6] Hall R. (1992), *The strategic analysis of intangible resources,* in *Strategic Management Journal*, Vol. 13, Iss. 2, pp.136-139.

[7] Wernerfelt B. (1989), *From critical resources to corporate strategy*, in *Journal of General Management,* Vol. 14, No. 3, p. 5.

[8] Prahalad C.K., Hamel G. (1990), *The Core Competence of the Corporation*, in *Harvard Business Review*, Vol. 68, Issue 3, p. 89.

on a set of intangible, firm-specific resources. According to Barney (1999)[9], they have a potential of creating sustained competitive advantage if they have the following features:

- *Value*: help improving performance (by maximizing opportunities or neutralizing threats);
- *Rareness*: no one else or a small number of companies possess those valuable resources;
- *Imperfect imitation*: it is difficult or impossible for competitors to buy or duplicate them because of unique historical conditions, causal ambiguity or social complexity of a bundle of resources[10];
- *Non-substitutability*: the critical resources do not have common (not rare) or imitable substitutes that could enable a competitor to achieve the same objectives or to implement the same strategy in a different way.

Graph 1. Company's resources portfolio

Source: own elaboration

[9] Barney J. (1999), above quoted, p.105.

[10] For "unique historical conditions" Barney (1999) and other scholars (e.g. Arthur, Emoliev & Kaniovsky, 1984, 1987) mean that an important determinant in obtaining some resources and a high performance is a particular path followed by a company through history. "Causal ambiguity" can be observed when it is not clear which resources and how contributed in a successful strategy – because both the successful company and its competitors do not understand the link between the resources and sustained competitive advantage. Another reason of the difficulty or impossibility of imitation may lay in a "social complexity" of resources that cannot be directly managed or influenced because of their entanglement.

In his previous study, Barney (1995) proposed the VRIO (Value, Rareness, Imitability, Organization) framework which considered *organization* as another important feature of strategic resources. To be able to fully exploit valuable, rare and not perfectly imitable resources, a company must be aware of its potential and well-organized (having a formal reporting structure, management control systems and compensation policies).[11]

Furthermore, Peteraf & Barney (2003) show in their paper the connection between critical resources, value created and rents. It can be studied on Graph 2.

Graph 2. Impact of critical resources on company's outcome

Source: Peteraf M.A., Barney J.B. (2003), citied, p. 316.

The resource-based view's main statement is that superior bundles of resources possessed and deployed by companies are the key source of a sustainable competitive advantage and, in consequence, of a better than competitors' performance. This theory is based on two important assumptions:[12] companies and resources are heterogeneous (*resource heterogeneity*) and some resources are immobile (*imperfect resource mobility*). The first notion refers to the belief that the differences between companies' results exist because of heterogeneous distribution of strategic (*critical*) resources. It means that some companies are more competitive because they picked from the market or built internally a better (more efficient or generating more value) and unique bundle of resources. The resources immobility (or *imperfect mobility*) ensures heterogeneity duration in time. If strategic resources were

[11] Barney J. (1995), *Looking inside for Competitive Advantage*, in *The Academy of Management Executive*, Vol. 9, No. 4, p. 56.

[12] Barney J. (1999), above quoted, p.101.

mobile, competitors would buy or replicate them and in a long-term perspective those resources would lose their greater value. Thus, imperfect resources mobility is a necessary condition for a sustainable competitive advantage.[13]

According to a major part of scholars within RBV approach, tangible resources can be easily purchased or imitated by competitors[14] so they are not sufficient to obtain a sustained competitive advantage. Therefore, intangible resources or competencies (e.g. know-how, skills, organizational culture, reputation, brands) are considered to be the main source of a company's superior performance. They are often characterized by causal ambiguity and time-path dependence, or are socially complex, being therefore very difficult or impossible to imitate. Hall's (1992) and Galbreath's (2005) studies confirm this statement.[15] Those critical resources are based on people – employees, who are metaphorically called *human resources*.[16] Hill *et al.* (2004) describe in their paper the essence of this point of view:

> *Employees are viewed as a capital resource that requires investment (...) people are perhaps the only sustainable source of competitive advantage (...) when human capital investments are successful (...) continuous learning and leveraging the firm's expanding knowledge base are linked with strategic success (...) viewing employees as a resource to be maximized rather than a cost to be minimized facilitates the successful implementation of a firm's strategies (...)*[17]

Also Boxall (1996)[18] sees a company's success in finding and keeping the better people and uniting their talents with better than competitors' processes. However, not only has an academic literature been developed in this field, but also practitioners, CEOs and

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[13] Peteraf M.A., *The cornerstones of competitive advantage: A resource-based view*, in *Strategic Management Journal*, Vol. 14, p. 184.

[14] Galbreath J. (2005), above quoted, p. 980.

[15] "(The) analysis (…) shows company reputation, product reputation and employee know-how as the most important contributors to company success". See Hall G. (1992), above quoted, p. 141.

"Capabilities (…) are argued to be the highest order and most important of a firm's resources due to their high levels or causal ambiguity and strong barriers to duplication (…). Our findings confirm that capabilities contribute more significantly to firm success than either intangible or tangible assets". See Galbreath J. (2005), above quoted, p. 984.

[16] Inkson argues that the term *human resource* de-humanizes employees, presenting them as assets or passive commodities rather than as partners and that the actual resources are the knowledge and expertise they possess. However, this metaphor might influence people's perceptions and behaviours in a negative way. In his study Inkson suggests some alternatives to this term. See Inkson K. (2008), *Are humans resources?*, in *Career Development International*, Vol. 13, No. 3, pp. 270-271.

[17] Hill C.W.L., Jones G.R., Galvin P. (2004), *Strategic Management: An Integrated Approach*, 5th ed., Houghton Mifflin, pp.397-398.

[18] Boxall P. (1996), *The strategic HRM debate and the resource-based view of the firm*, in *Human Resource Management Journal*, Vol. 6, Iss. 3, p.69.

managers can observe a growing power of Human Resources Departments in their organizations.

2. Strategic Human Resources Management

Human resources, workforce, manpower, labour force, personnel, staff – all those terms concern employees who implement company's strategy and often contribute in defining its details: policies, processes, single actions. They are the main factor, an indispensible one for company's existence, and at the same time, because of its complexity, the most difficult one to be managed. Human Resources Management (HRM) and, after being integrated into the strategic management, Strategic Human Resources Management (SHRM), became a very significant field of study after the recognition of employees' critical role in building a sustained competitive advantage of a company. Both scholars and practitioners put much effort trying to understand HRM/SHRM features, best practices, its place in company's reality and organization, implications and – first of all – to answer the question: *How* to build a sustained competitive advantage through people?

The area of HRM includes all the practices used to manage people in organizations. They can be grouped in several subdisciplines: selection, training, appraisal and rewards, which reflect the most common functions of human resources department[19] of any company (the subfunctions will be reviewed in detail in Chapter II in relation to employer branding strategy). Historically, those functions evolved separately and were not integrated within one area, thus were not coordinated properly. Therefore, the HRM field of study is actually the sum of the insights within each of those subfunctions.[20] Their roots lie in Scientific Management's improved work methods, while the first recognized formal personnel department (labour department) was established in 1902 at the National Cash Register Company.[21]

[19] Wright P.M., McMahan G.C. (1992), *Theoretical Perspectives for Strategic Human Resource Management*, in *Journal of Management*, Vol. 18, No. 2, p. 297.

[20] Wright P.M., McMahan G.C. (1992), above quoted, pp. 297-298.

[21] Miles R.E., Snow C.C. (1984), *Designing Strategic Human Resources Systems,* in *Organizational Dynamics,* Vol. 13, No.1, p. 42.

Schuler & MacMillan in their earlier study proposed a more detailed description of HRM practices, including within them:[22]

- HR planning,
- Staffing (recruitment, selection and socialization),
- Evaluation,
- Remuneration,
- Training and development,
- Union-management relationships.

In the same paper the scholars claim that the consequence of an effective HRM is *an enhanced ability to attract and retain qualified employees who are motivated to perform, and the results (...) include greater profitability, low employee turnover, high product quality, lower production costs, and more rapid implementation of corporate strategy.*[23]

The literature provides a distinction between *hard* and *soft HRM.* The first approach sees employees as mere factors of production to be used in the same way as other company's assets. Simmons (2003) relates this view to *amoral management*, in which employees are seen as instruments for achieving business goals.[24] Marchington & Wilkinson (2005) suggest, that in the *hard* model:

> *The human resource is seen as similar to all other resources – land and capital for example – being used as management sees fit. Under this scenario, which stresses the "resource" aspect of HRM – there is no pretence that labor has anything other than commodity status (...)*[25]

The *soft HRM*, instead, views employees as stakeholders and key actors of organizational life. They are rather *resourceful humans* than *human resources*.[26] What becomes the most important task for managers is to obtain their commitment, engagement and loyalty – only

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[22] Schuler R.S., MacMillan I.C. (1984), *Gaining Competitive Advantage through Human Resource Management Practices*, in *Human Resource Management*, Vol. 23, No. 3, p. 242.

[23] Ibidem.

[24] Simmons J. (2003), *Balancing performance, accountability and equity in stakeholder relationships: Towards more socially responsible HR practise,* in *Corporate Social Responsibility and Environmental Management*, Vol. 10, p. 131.

[25] Marchington M., Wilkinson A. (2005), *Human Resource Management at Work: People Management and Development*, *3rd ed*., Chartered Institute of Personnel and Development, p. 6.

[26] Simmons J. (2003), above quoted, p. 131.

then they contribute proactively in the pursuit of success. The *soft* perspective of HRM is more *moral* than the *hard* one, as it includes ethical issues. Nowadays, in the 21st century, it is widely recognized that employees are *stakeholders*[27] and not just assets, and the *soft HRM* approach seems to be significantly predominant, not to say, the only one considered by both theorists and practitioners.

The strategic role of HRM was first taken into consideration and discussed by Devanna, Fombrum & Tichy (1981) in their article *Human Resources Management: A Strategic Perspective*. They recognized the critical role of people in strategy implementation and argued that organizations had been focusing just on the operational (short-term) level, neglecting the managerial (medium-term) and strategic (long-term) ones.[28] Instead, they suggested that the subfunctions of HRM should be integrated and aligned with business strategic planning[29], providing a broader, strategic perspective of workforce management. This, together with the fit between HR architecture and the company's strategy[30], would create a basis of HR's contribution to competitive advantage, that is, to an above-average financial performance.[31]

Following studies developed significantly the field of SHRM. For Armstrong (2006), strategic HRM is a process that integrates HR issues vertically with the business strategy and horizontally with one another, defining the company's intentions and plans on how its corporate objectives should be gained through people.[32] Important issues to consider while valuing HR strategy's uniqueness are people's personalities, capabilities and organizational culture. Wright & McMahan (1992) define SHRM as *the pattern of planned human resource*

[27] The approach to employees as stakeholders is reviewed in the next section.

[28] Devanna M.A., Fombrun Ch., Tichy N. (1981), *Human Resources Management: A Strategic Perspective*, in *Organizational Dynamics,* Winter 1981, pp. 54-57.

[29] Devanna M.A., Fombrun Ch., Tichy N. (1981), above quoted, p. 57.

[30] Becker & Huselid identify a "black box" between HR and company's performance and suggest that to unravel its content, the emphasis should be put on strategy implementation (using strategic capabilities and business processes) as the key mediating variable between those two elements. See Becker B.E., Huselid M.A. (2006), *Strategic Human Resources Management: Where Do We Go From Here?*, in *Journal of Management,* Vol. 32, No. 6, pp. 898-903.

[31] Becker B.E., Huselid M.A. (2006), above quoted, p. 899.

[32] Armstrong M. (2006), *Strategic Human Resource Management: A Guide to Action. 3rd edition,* Kogan Page Publishers, pp. 29-30.

deployments and activities intended to enable an organization to achieve its goals.[33] On the basis of this definition, Wright (1998) formulated four components of SHRM:[34]

- It concentrates on *people* as the leading source of competitive advantage, thus, humans are the *strategic* resources,
- HR *activities* (programs, policies and practices) are the means through which employees can be deployed to implement successful strategies,
- The *pattern* and the *plan* are both related to the company's strategy – they emphasize the need of fit (alignment) of human resources strategy with the business strategy,
- *Business goal achievement* (maximizing company's performance) is the final purpose of SHRM.

Another configuration is proposed by Baird & Meshoulam (1988). They identify six strategic components of HRM:[35]

- Management awareness (role and power given to HRM within organizational reality and strategic planning),
- Management of the function (HR function's structure),
- Portfolio of programs (from simple to very complex HR programs),
- Personnel skills,
- Information technology (IT tools used within HRM),
- Awareness of the environment (how much attention is put to internal and external environment and to their impact on organizational decisions).

Becker & Huselid (2006), drawing from preceding studies, define the metaphor of *HR architecture* which consists of HR systems, practices, skills and competencies, employee performance behaviours, employee commitment and engagement.[36] The authors focus on its differentiation, in the sense that not all employees are strategic and there are various groups of employees within a company, therefore those groups should be managed differently in order to their contribution to the value creation process. Lepak & Snell (1999), referring to

[33] Wright P.M., McMahan G.C. (1992), above quoted, p. 298.

[34] Wright P.M. (1998), Introduction: Strategic Human Resource Management Research in The 21st Century, in *Human Resource Management Review*, Vol. 8, No. 3, pp. 187-188.

[35] Baird L., Meshoulam I. (1988), *Managing Two Fits of Strategic Human Resource Management*, in *The Academy of Management Review*, Vol. 13, No. 1, pp. 122.123.

[36] Becker B.E., Huselid M.A. (2006), above quoted, pp. 899-900.

the resource-based view of the firm, suggest that the basis of such a differentiation lays in value and uniqueness[37] of employees' skills and they distinguish four groups of employees that should be managed differently[38] - with one of four appropriate architectures: knowledge-based employment, job-based employment, contract or alliances.[39] The HR architecture, thus, should *fit* the type of employees.

This *fit* approach is widely described by Baird & Meshoulam (1988). They propose a framework for developing and implementing HRM strategies, with a particular emphasis put on their external and internal fit. The *external fit* (similar to Armstrong's and other academics' *vertical fit*[40]) means that to be effective, the human resources management must operate proactively to match the company's stage of development (the scholars distinguish five stages of development: Initiation, Functional Growth, Controlled Growth, Functional Integration and Strategic Integration).[41] As every organization grows and changes, the HRM strategy should develop as well, and be flexible. Only if the HR architecture is aligned with the company's level of development and complexity, it is effective and can have a positive impact on organizational outcomes.[42] The *internal fit* (called also *horizontal fit* by many scholars, e.g. Ferris *et al.*, 1999, Armstrong, 2006), instead, is related to the inner components of HRM which should match and support one another. The better the alignment among structure, processes, task, people and their administration, the greater the company's performance.[43] In other words, the better the fit among management awareness, HR function management, HR programs, employees' skills, information technology and awareness of the environment (internal and external ones), the higher value added by HRM to organizational effectiveness.

However, gaining a perfect fit is not always desirable. If an organization needs change to compete in a complex environment, a focus on maximizing alignment can be

[37] Lepak D.P., Snell S.A. (1999), The Human Resource Architecture: Toward a Theory of Human Capital Allocation and Development, in *The Academy of Management Review,* Vol. 24, No. 1, p. 32.

[38] Becker B.E., Huselid M.A. (2006), above quoted, p. 904.

[39] Lepak D.P., Takeuchi R., Snell S.A. (2003), *Employment Flexibility and Firm Performance: Examining the Interaction Effects of Employment Mode, Environmental Dynamism and Technological Intensity,* in *Journal of Management*, Vol. 29, No. 5, p. 681.

[40] For *vertical fit* the scholar understands the alignment of the HR strategy to the business strategy so that the former supports the implementation of the latter. See Armstrong M. (2006), above quoted, p. 33.

[41] Baird L., Meshoulam I. (1988), above quoted, pp.117-121.

[42] Ferris G.R., Hochwarter W.A., Buckley M.R., Harrell-Cook G., Frink D.D. (1999), *Human Resources Management: Some New Directions*, in *Journal of Management*, Vol. 25, No. 3, pp. 389-390.

[43] Baird L., Meshoulam I. (1988), above quoted, p. 122.

disadvantageous and counterproductive.[44] Therefore, a thorough monitoring of the company's needs and environmental challenges is needed.

To conclude the above considerations and drawing from Armstrong's (2006) and Lengnick-Hall & Lengnick-Hall's (1988) propositions, a perspective on strategic HRM is depicted on Graph 3.

Graph 3. View on strategic HRM

Source: own elaboration

It is relevant to underline the reciprocal interdependence between a company's competitive strategy and its human resource strategy.[45] External and internal circumstances, organization's characteristics, industry and macroeconomic issues have their impact on those strategies as well. While developing and implementing the HRM strategy, thus, it is crucial to take into consideration the environment.

[44] Lengnick-Hall C.A., Lengnick-Hall M.L. (1988), *Strategic Human Resource Management: A Review of the Literature and a Proposed Typology,* in *The Academy of Management Review*, Vol. 13, No. 3, p. 460.

[45] Lengnick-Hall C.A., Lengnick-Hall M.L. (1988), above quoted, pp. 466-477.

3. A challenge to the traditional stakeholder perspective

Stakeholders are all those individuals and groups who can affect or be affected by an organization. The main assumption is that they have an interest in the company or the company has an interest in them. What is more, without stakeholders' support the organization could not exist.[46] The main groups of stakeholders are illustrated on Graph 4.

Graph 4. A model of company's stakeholders

Source: Donaldson T., Preston L.E. (1995), p. 69.

As the company's resources are limited, an organization has to choose the key stakeholder groups and focus attention and resources on them. To identify them, Kenny (2014) suggests answering the following questions:[47]

[46] Stanford Research Institute, 1963, quoted in Freeman R.E. (1984), *Strategic Management: A stakeholder approach*, Boston: Pitman, p. 31.

[47] Kenny G. (2014), *Five Questions to Identify Key Stakeholders,* in *Harvard Business Review*, retrieved from https://hbr.org/2014/03/five-questions-to-identify-key-stakeholders/.

1. Does the stakeholder have a fundamental impact on your organization's performance?

2. Can you clearly identify what you want from the stakeholder?

3. Is the relationship dynamic — that is, do you want it to grow?

4. Can you exist without or easily replace the stakeholder?

5. Has the stakeholder already been identified through another relationship?

If the answer to the questions 1, 2 and 3 is positive and to the questions 4 and 5 negative, than the analysed group is a critical stakeholder.

It is clear that the relationship with employees is vital to achievement of the company's goals and to gain a sustained competitive advantage (thus, they are considered to be a *key stakeholder*); it has been already discussed in the previous section. However, this relationship has been reshaped significantly over past three decades. Some social changes like increased participation of women in the labour force (which itself caused redefinition of values, family roles and communities' rules) and the growing importance of the quality of life[48] changed drastically the employees' expectations towards companies. What is more, in today's turbulent environment also employers' expectations towards employees are different – and no life-long employment can be guaranteed any more.

To respond those various expectations, the organizations willing to remain competitive had to reformulate their relationship with potential and present employees. To attract and keep talented and committed people, they had to take into consideration the following new employee priorities which had appeared:[49]

- Feeling appreciated,
- Achieving a desired state of work/life balance,
- Having opportunity to contribute significantly to job tasks,
- Being proud of one's work.

Therefore, respect, flexibility, family-friendly policies and a certain level of autonomy in carrying out one's work represent a 21st-century employee's expectations. Also training and

[48] Pitt-Catsouphes M, Fassler I. (1998), *Enhancing Strategic Value: Becoming a Company of Choice*, Boston College Center for Corporate Community Relations: The Center for Work & Family, p. 17.

[49] Dunn R.L. (1993), *Money isn't everything*, in *Plant Engineering*, Vol. 49, No. 17, p. 9.

development opportunities within a company are essential, since, because of employment insecurity, employers are also supposed to enhance employees' *employability*.

In order to meet those expectations and to attract, engage and retain the most-talented and valuable employees (to manage efficiently the relationship with this key stakeholder group), many companies have adopted the *employer of choice strategy*. It includes, in particular, creation of an *employer brand* – an intangible resource standing in the heart of the *employer branding strategy* which is the subject of this thesis and will be developed in the following chapters.

4. Positioning the employer branding strategy within SHRM

Concluding from preceding sections, it becomes apparent that adapting employer branding strategy in order to become an employer of choice is a valid HRM strategy able to respond today's labour market needs and expectations. It stems from the fact that HRM recently began to assume an increased role in organizational effectiveness.[50] However, employer branding strategy requires a collaboration with other departments, first of all with marketing and public relations – as an effective communication is indispensible. Needless to say, a successful implementation of this strategy depends upon management and owners awareness and commitment.

The following chapters provide a broader explanation of the employer branding strategy with a particular attention on practice – a case study will be developed. It will show more clearly the impact and position of this model within strategic HRM.

[50] Francis H., Reddington M. (2011), *Employer Branding and Organisational Effectiveness*, in Francis H., Holbeche L., Reddington M. (2011), *People and Organisational Development*, Chartered Institute of Personnel and Development, p. 260.

II. The strategy of Employer Branding

Your brand is what people say about you when you've left the room.

Larry Ellison, Oracle

When people are financially invested, they want a return.
When people are emotionally invested, they want to contribute.

Simon Sinek, leadership expert & author

Employees engage with employers and brands when they're treated as humans worthy of respect.

Meghan M. Biro, TalentCulture Consulting Group

War for talent or fight for brainpower[51] in the competitive labour market became a well-known, although not simple, reality in the beginning of 21st century. Companies willing to achieve high performance and sustained competitive advantage need to prepare their "arms" and "equipment" to win this battle against other employers. However, it is an unusual war because once won, the "conquered" (attracted and hired) talents need to be nurtured by an exceptional organizational culture characterized by openness, trust and engagement. Only in such environment they can "spread their wings" and fully exploit their potential.

Organizations aware of the key role of attraction, engagement and retention of valuable, high-potential employees, started to treat their workforce as internal clients, worth respecting, understanding their needs and caring about. Employer brand is a powerful "weapon" or tool in their efforts to win a better, unique position on the labour market, whereas employer branding strategy is an "umbrella", under which all HRM subfunctions and activities can be gathered to effectively build competitive advantage through people: to attract, involve, satisfy, build their loyalty and make them stay and actively contribute to organizational success. This field of study arised in middle 90. as a response to the new labour market

[51] The "war for talent" term was first used by McKinsey & Company in 1997; "fight for brainpower" is an alternative, slightly different notion proposed by Universum in 2012, focusing on high-potential individuals rather than on talents.

configuration and changing competitive environment. Transformation of psychological contract between employees and organizations (shown in Table 1.) and the war for talents emerged are the most significant reasons behind redefinition of employer-employee relationship.

Table 1. Transition of psychological contract between employee and employer

Aspect	Traditional deal	Current deal
Environment	Stable	Dynamic
Career horizon (workplace)	One organization	Several organizations
Career horizon (time)	Long	Short
Employer expect / Employee give	Loyalty and commitment	Long time working hours
Employer give / Employee expect	Job security	Investment in employability
Success means	Progress on the hierarchy ladder	Inner feeling of achievement
Training	Formal programmes, generalist	On-the-job, company specific
Essence of career direction	Linear	Multidirectional

Source: Baruch Y. (2004), p. 66.

The origins of the labour market changes and of modification of the psychological contract conditions can be found in several global trends challenging today's businesses. According to Universum, a company being a global leader in employer branding, these trends are:[52]

a) Accelerating technology development
   - Potential and current employees have access to a greater amount of information,
   - Participants of the labour market can exchange their experiences and opinions about workplaces – thus, organizations need to manage this flow of information,

[52] Arbin K. (2012), *The Fight for Brainpower: Employer Branding Trends and Case Studies*, Universum Communications Sweden AB, pp. 13-22.

- Candidates are aware of much more workplaces and job opportunities – today's generation is called "a generation of thousand choices"; thus, it is more difficult to attract and retain high-potential individuals.
- Companies have to be more communicative and transparent,
- Inspiring and flexible organizations (e.g. supporting work/life balance) are becoming more and more attractive for talents;

b) A bigger, better and faster world: growing markets and higher living standards

- Employees' values – their drivers of commitment and engagement – have evolved into soft ones: an increasing importance is given to work/life balance, innovative and friendly work environment, training and development, manager's support,
- Importance of personal brand for individuals representing Y generation (often demanding their consideration as partners, willing to have a meaningful job and working in a company whose brand reflects their own personalities and values),
- Democratization of skills – higher education is common and is not a privilege in most markets, thus there are more qualified individuals applying to different companies,
- New appealing workplaces are emerging – like Google, Facebook etc. – and they often win the battle for talents because of creative work environment,
- The internationalization of talent attraction;

c) The growing importance of people to organizations

- Talents aware of their importance for companies are able to choose among employers, they have more power and, in consequence, they are more demanding,
- Organizations willing to win the war for talent need to develop appropriate strategies and management practices aligned with business strategies,
- *Super organizations* have begun to arise – that is, companies which invest in their employees and communities and are considered employers of choice.

Those changes generated a great challenge for employers: they need to re-think and re-design their relationship with employees. Employer branding strategy seems to embrace all important dimensions of this challenge.

This chapter aims to define and exemplify the employer branding practices and activities from strategic perspective. Section 1. will provide the readers with a review of theoretical background of the concept: relationship marketing basis, person-organization fit approach and social exchange theory, with a particular focus on psychological contract and organizational support theory. Their contributions to employer branding will be discussed.

In Section 2. the strategy of employer branding and its components will be analysed in detail. A model of employer branding, including employee value proposition (EVP), internal employer branding and external employer branding will be proposed, with the attention aimed at the harmony of the above elements and their alignment with business strategy. Also the attributes of successful employer brands, including two dimensions: attractiveness and accuracy, will be discussed in order to demonstrate practical implications for managers and HR workers.

The main purpose of Section 3. of this chapter is the integration of HRM subfunctions under the employer branding "umbrella" – and the impact of this strategy on recruitment & selection process, training & development activities, reward systems and employee relations management. Organizational culture and work/life balance initiatives are given some more attention due to their significant role in a winning EVP.

Finally, Section 4. summarizes the internal and external outcomes of a successful implementation of employer branding strategy. The positive impact of its consequences on organizational performance and competitive advantage is maintained.

1. Theoretical background

The concept of employer branding is a holistic approach to managing people within an organization, or to the two-way relationship between an employer and potential and current employees (considering workforce as a key stakeholder, as explained in the previous chapter). However, the term *brand* evokes clear associations with marketing; in fact, the roots of employer branding can be found in this discipline. Ambler & Barrow (1996) are considered the first scholars who suggested applying marketing techniques (especially

relationship marketing and branding) to human resources management in order to build employee loyalty (analogically to customer loyalty)[53] and to enhance HRM's positive impact on performance. They proposed the concept of employer brand which earned a place next to product and corporate brand – intangible assets having a great value for companies and often being a source of sustained competitive advantage. The input of marketing theories and practices in employer branding strategy will be studied in detail in the following section, although some notions of *relationship marketing* need to be invoked at this point.

This view on marketing covers all marketing activities aimed towards establishing, developing and retaining successful, relational exchanges[54] with various stakeholders of an organization. Based on social exchange theory, especially on the principle of reciprocity, it finds in commitment and trust[55] the key factors of successful and endurable relationships between a company and its customers, employees, suppliers and other business partners – the parties of exchanges of goods, services, efforts. Another essential attribute is collaboration between the parties. According to Morgan & Hunt (1994), these elements are crucial because they encourage cooperation and reciprocal investment in the exchange relationship, discourage choice of attractive short-term alternatives, supporting long-term benefits of remaining with existing partners, and reduce risk level perception because of the conviction of non-opportunism of the parties.[56] The same authors propose a model of relationship marketing depicted on Graph 5. (grey arrows indicate a positive correlation, the red ones – a negative correlation between two elements).

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[53] Ambler T., Barrow S. (1996), *The Employer Brand*, in *Journal of Brand Management*, Vol. 4, p. 198.

[54] Morgan R.M., Hunt S.D. (1994), *The commitment-trust theory of relationship marketing*, in *The Journal of Marketing*, Vol. 7, Iss. 1, p. 22.

[55] By *commitment* Morgan & Hunt understand *"*an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely*"*. Commitment is necessary for engagement in any type of relationship. See Morgan R.M., Hunt S.D. (1994), above quoted, p. 23.

Trust is associated with a partner's reliability, integrity and competence and constitutes the basis for loyalty. Parties desire a trustworthy partners because it "reduces the risks associated with relational exchange*"*. See Hunt S. D., Arnett D.B., Madhavaram S. (2006), *The explanatory foundations of relationship marketing theory,* in *Journal of Business & Industrial Marketing*, Vol. 21, Iss. 2, p. 75. Referring trust to reciprocity within social exchange theory, McDonald (1981) suggests that *"*mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct short-term exchanges*"*. Quoted by Morgan R. M., Hunt S. D. (1994), above quoted, p. 24.

[56] Morgan R.M., Hunt S.D. (1994), above quoted, p. 22.

Drawing on the Morgan & Hunt's (1994) study, Hunt, Arnett & Madhavaram (2006) underline the importance of *shared values* of the parties. The scholars suggest that stakeholders more probably engage in relational exchange with an organization whose values

Graph 5. Model of relationship marketing

Source: Morgan & Hunt (1994), p. 22.

they share.[57] This claim has a big impact on employee-employer relationship and supports another theoretical construct: the person-organization fit.

[57] That is, people look for organizations that "agree with them as to what is important vs. unimportant, right vs. wrong, appropriate vs. inappropriate, proper vs. improper, and significant vs. insignificant. For example, some [partners] will engage in relational exchanges only with those firms that they deem to be socially responsible". See Hunt S. D., Arnett D.B., Madhavaram S. (2006), above quoted, pp. 75-76.

Study on *person-organization fit* reveals that individuals compare their set of values, their needs and personalities to the organization's image and they choose to cooperate with or apply to the one that matches best their principles. The better the fit between the values of the two parties, the more probable the person is to be attracted to the organization.[58] Relating this concept to employer branding, it means that defining and clearly communicating the company's core values within employer brand will make the organization more likely to become an employer of choice for individuals who share these values, and the current employees will more likely remain within the company if its principles are aligned with theirs. Additionally, an effective and successful HRM has a strong ideological component[59] – if employees identify themselves with company's values and goals, they result more committed and engaged in their work.

The above organizational identification (seen as *the perception of oneness with or belongingness to the organization*[60] or as *the degree to which a member defines him or herself by the same attributes that he or she believes define the organisation*[61]*)* makes part of the *social identity theory*, another scheme supporting the field of employer branding. This theory posits that people have a natural need to link themselves to social groups and that these social bodies can become part of their identity.[62] In other words, they derive their self-concept from their membership in a social group[63] whose reputation and image are in their eyes positive. In this way they guarantee a positive self-regard and pride (both connected to their identity) from feeling membership with the organization. Therefore, if a company has a good reputation and a desirable, positive image, individuals are more likely to identify with that employer brand, and, according to Backhaus & Tikoo (2004), they *will more likely choose to seek membership with the organization for the sense of heightened self-image that membership promises*.[64] Employees can supposedly enjoy the reflected glory of favourable reputation of the company they work for.[65] However, that image and organizational

[58] Backhaus K., Tikoo S. (2004), *Conceptualizing and researching employer branding*, in *Career Development International*, Vol. 9, No. 5, p. 506.

[59] Francis H., Reddington M. (2011), above quoted, p. 271.

[60] Ashforth B.E., Mael F.A. (1989), *Social identity theory and the organization*, in *Academy of Management Review*, Vol. 14, p. 22.

[61] Dutton J.E., Dukerich J.M., Harquail C.V. (1994), *Organizational images and member identification*, in *Administration Science Quarterly*, Vol. 39, p. 239.

[62] Edwards M.R. (2010), *An integrative review of employer branding and OB theory,* in *Personnel Review*, Vol. 39, Iss. 1, p. 12.

[63] Tajfel H. (1982), *Social psychology of intergroup relations*, in *Annual Review of Psychology*, p. 33.

[64] Backhaus K., Tikoo S. (2004), above quoted, p. 506.

[65] Edwards M.R. (2010), above quoted, p. 12.

identification need to be sustained by fair and supportive day-to-day management practices, transparent communication and organizational culture in general.

The *social exchange theory*, already mentioned as a background of relationship marketing, has itself a huge contribution to the topic of employer branding. It views social exchanges as a series of interactions (both social and economic) that create obligations to reciprocate and which stimulate *feelings of personal obligations*, *gratitude and trust*.[66] This theory focuses on the importance of comprehension of employees' motivation and its relation to the achievement of business goals.[67] The reciprocity rule can be seen from three different perspectives:[68]

- reciprocity as a transactional pattern of interdependent exchanges,
- reciprocity as a folk belief,
- reciprocity as a moral norm.

The major part of social exchange constructs are built upon *content models* analysing what has been exchanged, how much, and the results of that exchange[69] (in organizational context e.g. employee commitment and performance). Two concepts deserve more attention in the context of HRM and employer branding strategy: psychological contract and organizational support theory.[70]

The *psychological contract* in employment circumstances is a belief system of an employee and an employer concerning their mutual obligations.[71] Those obligations are based on promises and on the expectations that those promises would be fulfilled by the parties, and they go far beyond the explicit conditions of a written contract. Rousseau

[66] Blau P.M. (1986), *Exchange and Power in Social Life*, 13th edition, John Wiley, p. 94.

[67] Aselage J., Eisenberger R. (2003), *Perceived organizational support and psychological contracts: A theoretical integration*, in *Journal of Organizational Behaviour*, Vol. 24, Iss. 5, p. 492.

[68] Cropanzano R., Mitchell M.S. (2005), *Social Exchange Theory: An Interdisciplinary Review*, in *Journal of Management,* Vol. 31, No. 6, p. 876.

[69] Francis H., Reddington M. (2011), above quoted, p. 266.

[70] According to Aselage & Eisenberger (2003), both theories *"*assume that employees increase their efforts carried out on behalf of the organization to the degree that the organization is perceived to be willing and able to reciprocate with desirable impersonal and socioemotional resources. Employees who receive highly valued resources (e.g., pay raises, developmental training opportunities) would feel obliged, based on the reciprocity norm, to help the organization reach its objectives through such behaviours as increased in-role and extra-role performance and lessened absenteeism.*"* See Aselage J., Eisenberger R. (2003), above quoted, p. 492.

[71]Rousseau D.M., Schalk R. (2000), *Psychological Contracts in Employment: Cross-national Perspectives*, Sage Publications, Inc., p. 1.

& Schalk (2000) propose a model showing the context of psychological contracts; it can be viewed on Graph 6.

Graph 6. The context of psychological contracts in employment circumstances

Source: Rousseau & Schalk (2000), p. 2.

The process of creation of psychological contract between the two parties in employment situation is influenced by many determinants, and the model identifies within them five main factors: a) global environment circumstances (macroeconomic conditions), b) society (common rules, believes, customs, law, politics), c) negotiation process and its output, d) organization's and its managers' values, rules, promises and expectations, and e) individual's values, believes, previous experiences and expectations.

Edwards (2010), drawing on the studies of Rousseau (1990) and Martin & Hetrick (2006), distinguishes three aspects of psychological contract:[72]

- *transactional* (explicit tangible exchange based) content, referred to economic issues, like remuneration, working hours, etc.;
- *relational* (socio-emotional based) content, which focuses on subjective perception of trust and fairness, as well as on expectations regarding organizational culture; it includes employees' organizational citizenship behaviours[73] in exchange for job security, remuneration, personal and professional development;

[72] Edwards M.R. (2010), above quoted, pp. 14, 18.

[73] Organizational citizenship behaviours of employees are e.g. speaking well of the company (employee advocacy, word of mouth), going beyond the requirements of the job position, making sure of high quality, or helping others. See Francis H., Reddington M. (2011), above quoted, p. 267.

- *ideological* content, involving *credible commitments to pursue a valued cause or purpose;*[74] it is related to the social identity theory and to alignment of principles of individual and organization (in the context of employer branding this aspect of psychological contract is significant since common values make people more likely to wish to be a member of the company, enabling their personal fulfilment, resulting from working for a particular ideological goal).

The key of reciprocal employee-employer trust is a belief that the psychological contract is being fulfilled by both parties in day-to-day activities. Violation of its terms, that is, failure of the organization to meet its promises, causes feelings of injustice and betrayal.[75] Furthermore, several studies show that this breach of psychological contract is positively correlated with turnover, decreased both job satisfaction and job performance, and reduced trust.[76] Following this observation, it can be supposed that kept promises will enhance employees' satisfaction, performance, trust and retention.

Employer brand may initiate the formation of psychological contract between a future employee and organization since it expresses some of employment conditions (tangible and intangible, like values and culture), likely interpreted as promises by potential employees. Thus, including accurate and sufficient information about the company within employer brand may help to reduce misunderstandings (caused by informal and often incomplete information, e.g. from word-of-mouth sources, external recruiters, press and popular media[77]) and perception of violation of the psychological contract by newcomers.[78]

Another construct rooted in social exchange theory and worth mentioning in this section is the *organizational support theory*. Its main assumption is that employees create a belief related to the extent to with the company cares about their well-being and values their contributions to the organization.[79] Such *perceived organizational support* (POS) is a product of the perception of various factors by an individual: rewards, approval, praise, rank, job

[74] Thompson J.A., Bunderson J.S. (2003), Violations *of principle: ideological currency in the psychological contract*, in *Academy of Management Review*, Vol. 28, pp. 574.

[75] Francis H., Reddington M. (2011), above quoted, p. 266.

[76] Backhaus K., Tikoo S. (2004), above quoted, p. 507.

[77] Moroko L., Uncles M.D. (2008), *Characteristics of successful employer brands*, in *Brand Management,* Vol. 16, Iss. 3, p. 166.

[78] Ibidem.

[79] Eisenberger R., Huntington R., Hutchison S., Sowa D. (1986), *Perceived Organisational Support*, in *Journal of Applied Psychology*, Vol. *71*, Iss. 31, p. 500.

enrichment, control over organizational policies, procedural justice and supervisor support. It is suggested by numerous studies that a strong POS generates three consequences:[80]

- a hypothesized felt obligation to support the organization in achieving its goals,
- an affective attachment (emotional bond) to the company,
- a heightened expectancy that superior performance will be rewarded (effort-outcome expectancy).

Therefore, employees who feel appreciated, being treated fairly and taken care of by the organization will more likely become corporate citizens and will put a greater effort to increase their performance. This will develop into better organizational outcomes. As it will be demonstrated in the following sections, employer branding strategy focuses on enhancing commitment and engagement of individuals and teams within a company, as well as on ensuring fairness and building attachment and mutual trust. The strengthening of employee-employer relationship is put under the spotlight of this concept, and the contribution of the organizational support theory is of crucial importance in the subsequent considerations.

2. Conceptual framework of employer branding

Employer branding (employment branding, workplace branding) is a process of intentional development of the employer brand within an organization.[81] It applies branding rules to human resources management, focusing on potential and current employees as the target, to whom a unique and particular experience is offered as the branded product.[82] To better explain the meaning and various approaches of different scholars to this term, numerous definitions and a summarizing model are to be presented.

According to Lloyd (2002), 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.*[83]A similar description is provided by Ewing *et al.* (2002), who suggests that it means creating an image in the minds of the potential labour market that the organization, above all others, is a *great*

[80] Aselage J., Eisenberger R. (2003), above quoted, p. 494 and Eisenberger R. *et al*. (1986), above quoted, p. 501.

[81] Figurska I., Matuska E. (2013), *Employer branding as a human resources management strategy*, in *Human Resources Management & Ergonomics*, Vol. 7, Iss. 2, p. 36.

[82] Edwards M.R. (2010), above quoted, p. 6.

[83] Lloyd S. (2002), *Branding from the inside out*, in *Business Review Weekly*, Vol. 24, Iss. 10, pp. 64–66, quoted by Berthon P., Ewing M., Hah L.L. (2005), *Captivating company: dimensions of attractiveness in employer branding*, in *International Journal of Advertising*, Vol. 24, Iss. 2, p. 153.

place to work.[84] Backhaus & Tikoo (2004) describe employer branding as an approach toward attracting, recruiting and retaining the best possible human resources within competitive employment environment; they focus on differentiation which is the main goal of branding itself. For them, employer branding is a process of building and promoting (inside and outside the company) a clear view of what makes the organization different, unique and more attractive from the competitors on the labour market.[85] The authors propose an overall framework of the construct; after adding some key elements from other studies, its extended version is proposed. It is depicted on the Graph 7.

Graph 7. Employer branding framework

Source: own elaboration

As the model shows, effective employer branding includes three core elements: Employee Value Proposition (employment offering, including both tangible and intangible components), which lays in the heart of the concept, external branding (towards potential employees and other stakeholders) and internal branding (towards current workforce). Within external branding, individuals outside the organization develop an employer brand image

[84] Ewing M.T., Pitt L.F., de Bussy N.M., Berthon P. (2002), *Employment branding in the knowledge economy*, in *International Journal of Advertising*, Vol. 21, Iss. 1, pp. 3–22, quoted by Berthon P. *et al.* (2005), above quoted, p. 154.

[85] Backhaus K., Tikoo S. (2004), above quoted, p. 502.

from the brand associations, created by company's employer branding. Defining desirable associations is the key for attracting the right people and becoming the employer of choice for those who are wanted within the organization.

Internal branding's goals: employee satisfaction, engagement and high performance are achieved by developing the employer brand loyalty or attachment – that is, a long-term relationship based on reciprocal trust, commitment and person-organization fit. Backhaus & Tikoo (2004) suggest that the relationship between employer branding and employer loyalty are mediated by organizational culture and organizational identity.[86] The former concept relates to a set of beliefs, values, attitudes and routine learned by the members of an organization and passed on to newcomers. The culture is company-specific and built continuously by all the members, and it strongly affects employees' individual and collective behaviours. Organizational identity, instead, stands for the cognitive image held by its members about the organization, or, in other words, *the collective attitude about who the company is as a group*.[87] To captivate and retain right people, this identity must be attractive and unique to them – as they look for a sense of belonging and want to identify themselves with this social group represented by the company. This viewpoint leads back to the employer branding roots in social identity theory, mentioned in the previous section.

The components of this framework will be explained in a more detailed manner in the following paragraphs of this chapter.

In conclusion, as the presented model shows, the main goals of employer branding activities are: attraction, engagement and retention of talents, creation of a unique organizational culture, making employees internalize organizational values and goals, and – as a consequence of the above objectives – generating endurable competitive advantage through people.

One more issue needs consideration at this point: the importance of a coherent integration of the components of the model. Harmony of the above elements and activities is essential for success in employer branding strategy implementation. The strength of this construct lays in the fact that its aim is, exactly, to harmonize internal belief (organizational identity and

[86] Backhaus K., Tikoo S. (2004), above quoted, p. 509.
[87] Ibidem.

culture) with external brand message (created and communicated employer image).[88] Moroko & Uncles (2008) also highlight the significance of consistency between workplace brand and *employment experience* (perception of employees about how it is *de facto* to work in the organization; the "product" that is offered to them by the employer), company culture and values.[89] This *accuracy* forms one of two dimensions of success in employer branding (the second aspect is *attractiveness*; both dimensions will be further explained in the next paragraph). The basic reason of this indispensible need of authenticity stems from the fact that it is very difficult, not to say impossible, to cover up the organization's real values, culture and policies to the employees who experience it in first person every day.[90] Since members of an organization are the first and most important informal communication channel for external stakeholders (potential employees included), a potential dissonance would be rapidly discovered and the company would lose its credibility. This would in consequence lower its reputation not only on the labour market, but also in the eyes of consumers, investors and communities; a negative impact on outcomes would be inevitable.

Therefore, the *authenticity* of employer brand and the *harmony* of its external and internal components, based on company's honesty, are crucial for creation of a long-term brand loyalty and positive brand associations.

a) Employer brand – definition and features. Brand equity

Brand is defined as *a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.*[91] It can be also seen as a mix of features (what the product is), customer benefits (what needs and desires the product meets) and values (what associations the customer has with it)[92]. It is an image of the product in the mind of

[88] Martin G., Beaumont P., Doig R., Pate J. (2005), *Branding: A New Performance Discourse for HR?*, in *European Management Journal*, Vol. 23, Iss. 1, p. 79.

[89] Moroko L., Uncles M.D. (2008), above quoted, p. 160.

[90] Love L.F., Singh P. (2011), *Workplace Branding: Leveraging Human Resources Management Practices for Competitive Advantage Through "Best Employer" Surveys,* in *Journal of Business Psychology,* Vol. 26, p. 177.

[91] Schneider L. (2003), *What is branding and how is it important to your marketing strategy?*, retrieved from: http://marketing.about.com/cs/brandmktg/a/whatisbranding.htm, quoted by Backhaus K., Tikoo S. (2004), above quoted, p. 502.

[92] Pearson S. (1996), *Building brands directly: creating business value from customer relationships,* Macmillan, quoted by Ambler B., Barrow S. (1996), above quoted, p. 197.

potential and current clients. Ambler & Barrow (1996) conclude that a brand is *a holistic package of benefits, some real and some imaginary*.[93]

The emotional benefits, attributes and personality that people associate with a brand build its identity. *Brand identity* can be defined as the degree to which people develop a psychological attachment to the brand.[94] It has two components:

- brand image (created by associations – individual's perception of brand quality and their attitude towards the brand, or thoughts and ideas built in one's mind[95] – linked to the brand), and
- brand loyalty (an emotional attachment, followed by preference for the brand over time).

Brands were originally used to differentiate tangible products, but this area of marketing has been developed and nowadays they can be applied to differentiate people, places and companies.[96] The types of brands most considered by organizations are: product (consumer) brand, corporate brand and, quite recently, employer brand. It is indisputable that they share the same theoretical foundations and have influence on many of the same stakeholder groups (employees, customers, shareholders, other business partners)[97]; however the two former ones are addressed only to the external stakeholders, while employer brand's target are the present and potential employees (thus, both internal and external audiences).

The main assumption of employer branding is that employees can be seen as internal customers and employment experience is a product offered to them, having as core components the culture, policies and processes.[98] Following this hypothesis, it is suggested by numerous scholars that branding principles (brand equity role in attraction and retention, brand loyalty, brand image etc.) can also affect company's human resources by adding value to the employment experience of potential and current employees.[99]

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[93] Ambler B., Barrow S. (1996), above quoted, p. 197.

[94] Sevier R.A. (2000), *Brand as Relevance*, Stamats Communications, Inc, retrieved from http://www6.miami.edu/marcom/whitepapers/branding.pdf.

[95] Love L.F., Singh P., above quoted, p. 176.

[96] Backhaus K., Tikoo S. (2004), above quoted, p. 502.

[97] Moroko L., Uncles M.D. (2008), above quoted, p. 161.

[98] Moroko L., Uncles M.D. (2008), above quoted, p. 171.

[99] Kim D., Sturman M. (2012), *HR Branding: How Human Resources Can Learn from Product and Service Branding to Improve Attraction, Selection, and Retention*, The Center for Hospitality Research, Cornell University, pp. 6-7.

Every employer has a brand whether they want it or not (and whether this brand is managed or not). Employer brand includes reputation, image and a unique identity of an organization as employer. It is created by employment offering, or employee value proposition, that is different – and should be better – than those offered by competitors. In other terms, employer brand is *the package of functional, economic, and psychological benefits provided by employment, and indentified with the employing company.*[100] Edwards (2010) underlines the importance of intrinsic, intangible rewards,[101] while Dell & Ainspan (2001) provide us with probably the most accurate definition for the goals of this thesis:

> *The employer brand establishes the identity of the firm as an employer. It encompasses the firm's values, systems, policies, and behaviours toward the objectives of attracting, motivating, and retaining the firm's current and potential employees.*[102]

Workplace brand can be also seen as a promise made by an organization to the employees – and this promise requires being permanently kept in order to create positive outcomes of employer branding activities and of HRM in general. In addition, Moroko & Uncles (2008) see employer brand as a psychological contract between employee and organization[103] – when it is fulfilled and meets expectations, employees are more likely to be engaged and loyal; they also co-create the workplace brand, as they experience it "back stage". Thus, not only do they choose the level of commitment to the organization and of engagement, but also give the most accurate information about the employment to external stakeholders.

Like every brand, employer brand has its attributes, that is, associations and values linked to it. They can be tangible (objective), like salary, location or organizational structure, or intangible (subjective, highly symbolic), like reputation and culture. The latter ones are considered to matter the most.[104] Bonaiuto *et al.* (2013) identify five aspects of the workplace brand attributes:[105]

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[100] Ambler B., Barrow S. (1996), above quoted, p. 197.

[101] Edwards M.R. (2010), above quoted, p. 6-7.

[102] Dell D., Ainspan N. (2001*), Engaging Employees through Your Brand*, Conference Board Report No. R-1288-01-RR, Conference Board, Washington, DC, p. 10, quoted by Edwards M.R. (2010), above quoted, p. 7.

[103] Moroko L., Uncles M.D. (2008), above quoted, pp. 165-166.

[104] Bonaiuto M., De Dominicis S., Illia L., Rodriguez-Cànovas B., Lizzani G. (2013), *Managing employer brand attributes to attract potential* future *leaders*, in *Journal of Brand Management*, Vol. 20, Iss. 9, pp. 781-782.

[105] Bonaiuto M. *et al.* (2013), above quoted, p. 782.

- interest value (attracting through high quality products, innovation, creative work environment),
- social value (attracting through environment, culture and relationships within the organization),
- economic value (attracting through remuneration),
- development value (attraction through career and development opportunities),
- application value (competencies fit, person-job position alignment, opportunity to share one's own knowledge).

The above classification is an extension of previous papers, e.g. by Ambler & Barrow (1996), who distinguished psychological, functional and economic benefits (or attributes) of brands.[106]

Mere discussion about brand and its application to human resources management is interesting, but does not contribute significantly enough to company's efforts to increase performance. Practical aspects are of higher value – and the emerging question is: *How to build and develop an attractive, successful employer brand?* In other words, *how to become employer of choice for desired talents and how to keep them engaged over time?* It has been already debated that brand's promises must be kept and that both external and internal image should be consistent. Some more perspectives on successful employer brand's features are to be examined at this point.

According to Moroko & Uncles (2008), there are two key dimensions of successful/unsuccessful employer brands:[107]

- *attractiveness* dimension (attractive – unattractive), an extent to which the brand is known and noticeable, seen as relevant and differentiated from competitors (those three features can be equally applied to product and corporate brands), and
- *accuracy* dimension (accurate – aspirational) which depends on fulfilment of psychological contract and unintended appropriation of brand values (understood as accuracy or alignment of product and corporate brand associations with employer brand, both internal and external).

[106] Ambler B., Barrow S. (1996), above quoted, p. 197.
[107] Moroko L., Uncles M.D. (2008), above quoted, p. 169.

Those two determinants are suggested to inspire success or cause failure in employer branding efforts. Positive associations with a brand will attract employees and fulfilled promises will likely make them stay and engage in their work. On the other hand, if an organization fails to identify and create workplace brand associations desired on the labour market, candidates will not be attracted; if there is no consistency of external image with employment experience, and psychological contract is violated, a long-term success in this field becomes unattainable. The implications of these considerations are revealed on Graph 8.

Graph 8. Dimensions of employer brand success and following implications

Source: Moroko & Uncles (2008), p. 172.

Positioning a company's employer brand in one of the four cells of the graph has significant consequences; Moroko & Uncles (2008) define four states of employer branding strategies based on employer brand's levels of attraction and accuracy:[108]

1. *Communication breakdown* – company possesses all the attributes of an attractive employer, but its target candidates are not attracted because of unawareness of its

[108] Moroko L., Uncles M.D. (2008), above quoted, pp. 172-173.

employer brand, or lack of its alignment with corporate/product brands, or no differentiation from the competitors;

2. *Strategic mismatch* – organization is unable to keep the employer brand promises – thus, it attracts talents, but does not retain them or does not engage them (in a long-term perspective it has a negative impact on attractiveness because of dissatisfied employees who express their frustration, usually in an informal way);
3. *Long-term disconnect* – situation of a negative employer brand, case that needs a change of both employment experience and brand communication in order to attract and retain valuable workforce;
4. *Sustained success* – the most desirable scenario in which company becomes an employer of choice and obtains the image of great place to work; employees represent a high level of commitment and engagement and live the brand. However, it is important to consistently maintain this positive image and reputation by adapting the employer branding strategy to dynamic environment.

A process approach to the concept is represented by Botha *et al.* (2011). The scholars review the literature and develop a research on the determinants influencing a workplace brand; in consequence they build the employer brand predictive model.[109] Its core elements are depicted on Graph 9.

The identified determinants are the consecutive stages of the process of creation of employer brand. The first step is defining needs of target group of potential employees that the organization wishes to attract. On this basis the benefits to offer within employee value proposition (EVP) are to be defined (those benefits, as presented in previous section, are the core element of employer branding model). The employee value proposition should be unique and different from competitors. The following factor – people strategy – relates to adaptation of people management practices aligned with the employer brand, that is, practices that enable the company to delivery on the brand promise. Line managers' role is crucial to achieve success in employer branding strategy implementation; thus, they need to have particular skills, be aware of their role and commit to it. People strategy should therefore match the workplace branding strategy, as they are "two sides of the same coin". Brand consistency is another key determinant – employer brand should be aligned with brand portfolio to ensure clarity of company's purpose and values; furthermore, internal and

[109] Botha A., Bussin M., De Swardt L. (2011), *An employer brand predictive model for talent attraction and retention*, in *SA Journal of Human Resource Management,* Vol. *9*, Iss. 1, Art. 388, p. 11.

external communications should be consistent. Such harmony builds the ground for brand trust. Communication itself is the fifth step of creation of an employer brand. The more effective communication of the brand, the stronger the brand itself (as brand awareness grows). Botha *et al.* argue that the communication *should reflect honest, authentic and consistent employer brand messages about employment promises which could be delivered upon through an organisation's employer branding (people management) practices, and that the channelling of the employer brand message should be carefully considered to ensure messages attract targeted talent.*[110] Brand message ought to be delivered at all the employees

Graph 9. Employer brand predictive model

Source: own elaboration on the basis of Botha et al. (2011)

[110] Botha A. *et al.* (2011), above quoted, p. 10.

touch-points[111] and the channels through which it is expressed should fit the target audience (for example internet, intranet, mass marketing, press releases, expos, career days, corporate literature, meetings etc). The last phase to ensure employer brand success is its measurement. Metrics are found to add value and support keeping workplace brand promises. They provide the organization with a feedback that is essential in improvement processes – it is even more important when considering the dynamics of 21st century environment being in continuous change.

Implementation of the above steps, and ensuring their alignment, correlates positively with talent attraction and retention.[112]

Another description of a successful employer brand is proposed by Sullivan (2004). The author argues that it involves eight essential components:[113]

- Culture of knowledge sharing and permanent improvement,
- Balance between good management practices and emphasis on employees' productivity,
- Public recognition of the company as a great place to work,
- Employees being workplace brand ambassadors (proactively telling stories about an outstanding work environment),
- Getting talked about (presence in business press),
- Becoming a benchmark organization,
- Accurate communication of best practices to potential employees (in order to increase their awareness),
- Brand evaluation and improvement over time.

The wide range of employer brand components, features and its success factors presented above are reflected in *brand equity*. In terms of marketing, customer-based brand equity is the

[111] Mosley (2007) applies the term "customer corridor" to employment experience and defines all the employee touch-points (operational and personal) which include HR "products" and other components of people management within an organization. The main touch-points are: recruitment process, employee orientation, communication, shared services (e.g. HR and facilities management), performance management and employee development, reward and recognition, measurement (e.g. satisfaction surveys, employee engagement surveys etc.). See Mosley R.W. (2007), *Customer experience, organisational culture and the employer brand*, in *Brand Management*, Vol. 15, Iss. 2, p. 131.

[112] Botha A. *et al.* (2011), above quoted, p. 11.

[113] Sullivan J. (2004), *Eight elements of a successful employment brand*, ER Daily, retrieved from http://www.ere.net/2004/02/23/the-8-elements-of-a-successful-employment-brand/.

value added to a product/service by the brand – and this value, if positive, results in consumer's preference towards the branded product/service over an unbranded or a differently branded one. Lassar *et al.* (1995) define it as *the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands* or, in other words, *the enhancement in the perceived utility and desirability a brand name confers on a product.*[114] The main determinants of brand equity are brand knowledge (associations), brand image and brand loyalty.

Employer brand equity, therefore, can be described as the effect of brand knowledge on prospective and current employees of the company. The assumption is, once again, that candidates and employees are treated as internal consumers, and employment experience is the product offered to them. Individuals will react differently to similar attraction,[115] selection and retention activities of organizations because of the underlying employer brand equity associated with those organizations.[116]

In conclusion, employer brand is a complex construct based on reputation of an organization within its potential and present employees, as well as among other stakeholders. It is the image of the company as an employer and its theoretical background is rooted primarily it the field of marketing. Every organization has an employer brand, whether they know it or not. The point is that to become an attractive workplace and to retain outstanding staff, it should be carefully managed and aligned with HRM and business strategies.

b) Strategic approach

Employer branding is an investment that requires much effort from company's executives, managers and HR department members – it implies a different mindset, focused on people as partners and not as a means to the achievement of business goals. It is a long-

[114] Lassar W., Mittal B., Sharma A. (1995), *Measuring customer-based brand equity*, in *The Journal of Consumer Marketing*, Vol. 12, Iss. 5, p. 13.

[115] Cable & Turban (2001) propose the concept of "recruitment equity", based on the assumption that organizational images are analogous to brands, and define it as "the value of job seekers' employer knowledge, which is derived from job seekers' responses to recruiting organizations during and after the recruitment process". Recruitment equity may be seen as employer brand equity in the narrow sense of this term. See Cable D.M., Turban D.B. (2001), *Establishing the Dimensions, Sources and Value of Job Seekers' Employer Knowledge During Recruitment,* in *Research in Personnel and Human Resources Management,* Vol. 20, p. 121.

[116] Backhaus K., Tikoo S. (2004), above quoted, p. 504.

term investment which contributes significantly to organizational performance and reputation, and enables gaining a sustained competitive advantage. Thus, a strategic approach is indispensable.

The employer-branding mindset needs to embrace all the company's activities, processes, procedures, behaviours, as well as organizational culture and management style. Alignment with other strategies is crucial to its successful implementation, as employer, product and corporate brands are interdependent – thus a harmony between them is desired. Furthermore, it has been demonstrated that employer branding contributes not only to employee-employer relationship, but also to relations with other stakeholders. Sullivan (2004) includes this strategy-related viewpoint in his definition of employer branding as *a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm (...) The net result of successful employment branding is that (...) organization's exposure and reputation increases, creating consensus among (...) employees, magazine editors, managers in other organizations, and high potential applicants that* [the company is] *one of the top employers of choice.*[117] Also Collins (2001), citied by Mosley (2007), metaphorically demonstrates the strategic value of the employer branding as a valid HRM strategy:

> *If (...) you need to get the right people on the bus to deliver your strategic intent, you first need to ensure that you make your bus attractive to the right people*[118]

However, strategic approach to human resources management has been already discussed in Chapter I, and employer branding, being a framework for HRM[119], by definition shall be treated as a strategy.

c) Employee Value Proposition

The core element of employer branding strategy is employee value proposition (EVP) – it defines what it is like to work for that particular company and what the company stands

[117] Sullivan J. (2004), above quoted.

[118] Collins J. (2001), *Good to Great,* Random House, quoted by Mosley R.W. (2007), above quoted, p. 130.

[119] Backhaus & Tikoo (2004) suggest that employer branding can be used as "un umbrella under which [managers] can channel different employee recruitment and retention activities into a coordinated human resource strategy". The authors argue that such integration of all HR activities would produce significant synergies. See Backhaus K., Tikoo S. (2004), above quoted, p. 513.

for.[120] It is the employment "product" offered to potential and current employees by employer and it includes a novel, compelling and credible message about organizational culture, management practices, employee characteristics and company's products.[121] According to CIPD (Chartered Institute of Personnel and Development) it is *a clear picture of what* [the] *organization stands for, offers and requires as an employer.*[122] The authors of McKinsey research see an attractive EVP as a means to win the war for talent and define it as senior management's answer to why high-performance talents would want to join and stay with their company instead of working with its competitors on the labour market.[123] It is an honest representation of what the organization offers to its people and it is embodied in employer brand;[124] it basically represents its attributes (tangible and intangible ones). Furthermore, EVP makes part of psychological contract between an employee and an organization – it includes promises and creates expectations regarding rewards, appreciation, promoted values, attitudes, culture, job tasks, opportunities of development, rational as well as emotional benefits and so on – and endures from pre-recruitment stage to the moment when employee leaves the company (or even more – some companies support their ex-workers in various ways).

To summarize, an overall definition of EVP by Michaels *et al.* (2001) is to be invoked:

> *An employee value proposition (EVP) is the holistic sum of everything people experience and receive while they are part of a company – everything from the intrinsic satisfaction of the work to the environment, leadership, colleagues, compensation, and more. It's about how well the company fulfills people's needs, their expectations, and even dreams. A strong EVP attracts great people like flowers attract bees. A strong EVP excites people so that they recommit daily to give their best (...) It is what people really experience in the company, day by day.*[125]

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[120] Love L.F., Singh P. (2011), above quoted, p. 175.

[121] Robertson A. (2013), *Building the Employer Image: The HR Challenge,* in *Proceedings of the HR Dialogue,* Vol. 1, Iss. 1, p. 5.

[122] CIPD Factsheet (2010), *Employer Brand*, retrieved from http://www.cipd.co.uk/hr-resources/factsheets/employer-brand.aspx.

[123] Chambers E.G., Foulon M., Handfield-Jones H., Hankin S.M., Michaels E.G. (1998), *The war for talent,* in *The McKinsey Quarterly*, No. 3, retrieved from http://www.executivesondemand.net/managementsourcing/images/stories/artigos_pdf/gestao/The_war_for_talent.pdf.

[124] Backhaus K., Tikoo S. (2004), above quoted, p. 502.

[125] Michaels E., Handfield-Jones H., Axelrod B. (2001), *The war for talent*, Harvard Business School Press, Boston, MA, p. 43.

A unique and attractive EVP is therefore the means of strategic workplace branding in creating an employer-of-choice image and in retaining high-quality employees. It is built not only by HR department, but also by top and line managers and employees themselves (as they contribute in defining organizational culture and creating work atmosphere).

Robertson (2013) argues that effectiveness of EVP depends on the following factors:[126]

- CEO and senior management drive,
- Effective communication throughout the company,
- Structure that meets the needs of all departments (and different kinds of employees) within the organization,
- Ability to set up a reasonable and satisfactory psychological contract between employer and employees,
- Uniqueness over competitors.

Employee value proposition should be, in fact, aligned with the business strategy and reflected in daily management practices – thus, it requires top management commitment. For being attractive, it should first identify people's needs and design an employment offering that will meet these needs. Just like in case of consumer value proposition, the "employment product" must be tailored to the specific desires, goals and expectations of different groups of individuals.

Aware of this variety of people's needs and purposes, numerous studies propose segmentation of workforce – analogously to product market segmentation. Pokorny (2013) suggests in his study that humans' preferences and needs are guided by their values[127] – values being people's primary lens that motivate their choices, also in terms of employee value proposition offered by different organizations. Therefore, understanding and satisfying them is essential when shaping a winning EVP. The author elaborates Employee Values Study by Maritz Motivation Solution and as a result defines four value segments: Drivers, Pioneers, Stabilizers and Altruists. Their descriptions and implications are presented in Table 2.

[126] Robertson A. (2013), above quoted, p. 6.

[127] Pokorny M. (2013), *Getting to Know Your Employees and What Motivates Them*, in *Employment Relations Today,* Vol. 39, Iss. 4, p. 47.

Table 2. Employee Value Segments

Segment name **% of employees**	Primary values	Motto	Description
Drivers **24%**	Achievement and power	*"Onward and upward"*	• Consideration of their job as "part of their identity" • Motivated by success and self-enhancement, driven by high-profile projects, public praise and recognition • Want to have overall and transparent information about the business • Often on managerial positions
Pioneers **26%**	Self-direction and stimulation	*"What's next?"*	• Motivated by learning, contributing ideas, innovative initiatives • Importance of two-directional communication, they want to be considered partners • More often full-time employees • More often single/not married
Stabilizers **33%**	Tradition and conformity	*"Stay the course"*	• Need of assurance and stability, no risks • More often have "predictable jobs" • Preference of team-based reward and recognition over competition • Need of feedback, high attention paid to atmosphere and relationships with colleagues; importance of family
Altruists **17%**	Universalism and benevolence	*"Make a difference"*	• Willingness to contribute in a greater purpose and progress • Rewarded by personal time, cultural experiences, and "paying it forward" • Preference of social, community environments in which to collaborate • More likely to agree their job is "just something they do" • Less often employed full-time

Source: own elaboration on the basis of Pokorny M. (2013), pp. 48-50

The conclusion stemming from the above classification is that employees driven by different values and having different preferences and personal/professional goals will be attracted and motivated by different value propositions. Most of the programs and

employment experiences are designed for Drivers in today's companies.[128] Instead, they should match various segments – or the one that the organization wants to attract to a particular department/job position. Aligning communication, leadership support and the forms of reward and recognition will enhance motivation of distinct personal value types; understanding what is meaningful to employees and optimizing employee value proposition will attract, engage and retain the people wanted within organization.

The McKinsey study (1998) on attracting executive talents also highlights the importance of tailoring the company's offering to appeal to the specific people it desires to find and keep. The authors identify four segments within so-called executive talent pool:[129]

- *Go with a winner* – individuals interested in growth and advancement in a highly successful company;
- *Big risk, big reward* – talents who value compensation and career advancement, as well as their personal development;
- *Save the world* – people looking for especially an inspiring mission and exciting challenges, less focused on reward or self-development;
- *Lifestyle* – executives demanding flexibility and respect to their lifestyle, and seeking fit with the boss.

Representatives of the above groups differ in terms of what they are looking for in employment and they will be attracted by different employer offerings. Nonetheless, it is possible to distinguish some core elements of a winning EVP addressed to managers. Michaels *et al.* (2001), drawing upon another McKinsey & Company study (2000) reveal the components considered essential by a large number of managers while choosing the company to work for:[130]

a) Exciting work – challenging job they feel passionate about, rousing mission and values;
b) Great company – inspiring leaders and an open, trusting and performance-oriented culture;
c) Development – opportunities of personal and professional development that enhance their employability;

[128] Pokorny M. (2013), above quoted, p. 49.
[129] Chambers E.G. *et al.,* above quoted.
[130] Michaels E. *et al.* (2001), above quoted, p. 45-61.

d) Rewards – financial individual recognition and intangible, symbolic gratification
e) Lifestyle – work-life balance, benefits for families;
f) Human side – enjoyable colleagues and inspiring, engaging work atmosphere.

The above authors also show the relationship between the delivery on some of those items by current employer and managers' satisfaction levels. Graph 10. reveals the percentage of survey respondents satisfied with their workplace in relation to the perceived level of delivery of EVP elements (poor/well delivered).

Graph 10. Effect of critical EVP elements on executives' satisfaction

Source: Michaels et al. (2001), p. 46.

However, a further McKinsey paper (Guthridge *et al.*, 2008) underlines that not only should a company offer a powerful employee value proposition to attract talent, but it ought to shape more than one employment offering. The reason for that lays in demographic and other trends, as well as in marketplace segments with different values, ambitions and expectations (for example older employees, female workers, generations X and Y, people from specific cultural backgrounds).[131] In addition, the authors argue, unlikely to the previous

[131] Guthridge M., Komm A.B., Lawson E. (2008), *Making talent a strategic priority*, in *The McKinsey Quarterly,* No. 1, p. 56.

McKinsey papers, that a more inclusive approach is needed – that is, not only executives shall be considered as "A" players, critical to overall success. Instead, all levels of the organization (frontline staff, technical specialists, managers, even indirect workforce) need high-potential individuals and their needs ought to be addressed by employee value proposition[132] - or rather by a variant of it, as those distinguished groups of employees are most probably driven by different factors.

Branham (2005) proposes another valid classification of EVP components.[133] The author claims that companies focus on pay-and-benefit practices instead of emphasizing intangible elements which are considered of greater impact. The suggested grouping is depicted on Graph 11.

Graph 11. Two-dimensional classification of EVP elements

Source: Branham L. (2005), p. 58.

Intangible and long-term elements of EVP (organizational culture, supervisor behaviour and trust) seem to be the most difficult to imitate by competitors. Thus, they can significantly contribute to maintaining sustainable competitive advantage trough people. However, they need much time and effort to be successfully introduced and developed – they emerge from executives' mindset, company's values and tradition. Organizational culture and its role in employer branding strategy will be further discussed in section 4 of this chapter. Two other

[132] Guthridge M. *et al.* (2008), above quoted, pp. 54-56.

[133] The scholar names them "strategic employer-of-choice options"; however, they are aligned with what is understood by EVP elements in this thesis. See Branham L. (2005), *Planning to Become an Employer of Choice*, in *Journal of Organizational Excellence*, Vol. 24, Iss. 3, pp. 57-58.

noteworthy factors, not included within the above framework but widely recognized as critical in employee's long-term satisfaction, are job enrichment and opportunities of development. They both increase the individual's feelings of recognition and achievement, provide opportunities for growth and career advancement.

Also short-term intangibles are indispensible: work-life balance has been recently one of the most demanded issue, especially by generation Y representatives for whom personal fulfilment is at least as important as career. Also recruitment policy and practices are very important since this first stage of employee-employer relationship strongly affects psychological contract between the parties. Newcomers engagement has a significant role in their commitment to the organization and relations with colleagues.

Tangible components of EVP became a standard nowadays. Especially the short-term ones are considered as granted; they do not add value to an employer brand, but their absence may have a strong negative impact and cause disqualification of a company as employer of choice. Long-term tangibles like stock options or profit-sharing plans are seen as a good motivator for executives but are rarely included in packages for other categories of employees; in addition, their usability is limited to large, listed companies.

Branham (2005) concludes that the greatest, most enduring drivers of workforce engagement and retention are intangible and relate to the way managers treat employees.[134] The author proposes an EVP cafeteria composed of 54 engagement practices which have eight goals:

- Matching candidates' expectations with work reality (brand consistency),
- Fitting the person to the job position,
- Matching the task to the person,
- Providing coaching and feedback,
- Providing career advancement and development opportunities,
- Making employees feel valued and recognized,
- Reducing stress from work-life imbalance and overwork,
- Inspiring trust and confidence in senior leaders.

[134] Branham L (2005), above quoted, p. 58.

Annex 1. to this thesis contains the detailed checklist of realization of the above practices. It can be seen as an extensive portfolio of components of a winning employee value proposition. Those practices see managers as the key actors in building engagement; in fact, they are in day-to-day contact with employees. However, it is important to underline that creating and keeping promises of a successful EVP is a team task: team made of senior leaders, human resources workers, managers and employees themselves.

One additional consideration is to be made: an employment offering will be successful only if its components are highly valued by employees. De Vos & Meganck (2009) conducted a research regarding the factors of retention seen from two perspectives: HR managers' view and employees' view on what makes workers stay with a company and be loyal. Their study applied the perspective of psychological contract. The findings suggest that there are significant differences in the perceptions of both parties of which elements of EVP are positively related to retention, and those differences might explain why some companies succeed and others do not in their efforts to lower voluntary turnover.[135] Table 3. contains two rankings of retention factors: one based on HR managers reported practices and the second one based on the regression of employee loyalty variables on the evaluation of EVP elements.

Table 3. Rankings of retention determinants based on their importance for HR managers and employees

HR managers	**Employees**
1. Training	1. Career development opportunities
2. Career perspective	2. Social atmosphere
3. Financial rewards	3. Job content
4. Performance management	4. Financial rewards
5. Communication	5. Work-life balance

Source: De Vos A., Meganck A. (2007), p. 56.

According to the study, HR managers do not put enough attention to organizational culture and atmosphere, job content (job enrichment initiatives included) and work-life

[135] De Vos A., Meganck A. (2007), *What HR managers do versus what employees value. Exploring both parties' views on retention management from a psychological contract perspective*, in *Personnel Review,* Vol. 38, No. 1, p. 56.

balance. However, every organization and society whose it makes part of are different, thus surveying employees' needs and expectations and comparing them with HR practices could help to close the gap.

In conclusion, while shaping company's EVP, HR managers should take into account what their employees value and how they assess their organization's efforts towards making them satisfied with their job and willing to stay.[136]

d) External branding. Building the image of employer of choice

External employer branding includes all the activities concerning formation of the outside image of a company as an employer; its purpose is to make the organization become an employer of choice – the one which is consciously chosen and preferred to its competitors. Attracting talents is the first step to develop an outstanding workforce and ensure above-average performance in a long-term perspective.

How to attract and hire the best employees? – this is probably the first question, after planning issues, that HR managers struggle with. Recognized attractiveness and good reputation of a workplace act as a magnet for talented people. Thus, the organization willing to become an employer of choice has to develop a positive image among potential candidates, the image that is based on non-experimental information such as advertising, word-of-mouth, and the overall employer brand knowledge,[137] stemming from brand associations[138] (as depicted on Graph 7., p. 35). As organization cannot control non-formal communication channels, the messages transmitted via website, social networks, during career days, and in other formal ways should be sufficient and appealing.

The attraction is gained through potential applicants' expectations of the perceived quality and value of an offered employment experience.[139] In addition, the theory of person-organization fit mentioned in Chapter I needs consideration at this point – to attract a certain kind of candidates desired within the company, suitable brand associations should be created – associations that are aligned with the target segment's values and goals.

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[136] De Vos A., Meganck A. (2007), above quoted, p. 58.

[137] Kim D., Sturman M. (2012), above quoted, p. 9.

[138] Aaker (1991) defines brand associations as "anything linked in memory to a brand". See Aaker D.A. (1991), *Managing Brand Equity*, The Free Press, New York, NY, p. 109.

[139] Ibidem.

Bonaiuto *et al.* (2013) make a distinction between *ideal* (but hypothetical, unexisting) companies and the *real* employers, present on today's labour market. In their paper the authors claim that the previous studies on employer branding focus on real employers[140] and neglect the attributes of an ideal workplace. Findings of their survey suggest that an ideal employer is characterized by the following attributes:[141]

a) Innovativeness,
b) Valuing diversities,
c) Valuing employees' skills and knowledge,
d) Offering different careers,
e) Freedom of opinion,
f) Ethically responsible profile,
g) Promotion of well-being of employees,
h) Good and stimulating motivation and creativity atmosphere.

Less significant, but still important attributes of an ideal workplace are:

i) Rewards,
j) Technical competence of the company,
k) Flexible hours.

The study came to the conclusion that the above attributes are not sufficiently provided or communicated by real companies and at the same time are considered relevant to high-potential, young candidates. Therefore, the authors suggest that including those lacking issues in the employee value proposition may positively differentiate the organization from its competitors and attract talented individuals.

The content of employee value proposition offered is definitely the most important determinant of a company's attractiveness. However, to be efficient, it needs to be properly communicated – candidates ought to be aware of organization's quest for becoming an employer of choice. In the case of external branding it includes all the messages regarding employment offer, transmitted to the outside stakeholders via formal and informal channels. The latter ones cannot be directly managed (although successful internal marketing, supporting organizational citizenship behaviours among employees, is a determinant of

[140] Bonaiuto *et al.* (2013), above quoted, p. 782.
[141] Bonaiuto *et al.* (2013), above quoted, p. 789.

positive word-of-mouth). Thus, managers should focus on formal communication: Website, brochures, information sent to universities, social networks, information given during career days and so on. The first channel, company's "www", seems to be the most powerful since it can reach the widest audience. Therefore, a complete material about employee value proposition should be included in *Career* tab: company's mission and values, employment offering, organizational culture, kind of people desired, open job positions and tasks on those positions etc. There is no recipe for a perfect Website composition – basically, it should be aligned with reality, complete and addressed to the right people. Its purpose is to support the employer brand and to attract the target candidates.

Another considerable source of information about employers are business press and "Best Workplace" rankings. They are often regarded as more trustworthy and objective than direct organizations' messages. Thus, taking part in "Best Employer" surveys and sharing best practices, being available to reporters, increases public recognition and credibility[142] of the company on the labour market and within the industry. Love & Singh (2011) notice that various "Best employer" surveys are widely distributed (reaching thousands of workplaces), cover HR practices as well as employees' opinions and the results receive finest media/press attention.[143] They shall be duly taken into account while implementing employer-of-choice and employer branding strategy.

e) Internal branding. Employee as a client

Employer branding activities carried out within an organization predict a success or a failure of this HRM strategy. External image may be excellent and attract talents, but if it is not authentic and proved by the real employment experience, it will be quickly deteriorated. Test of the workplace brand trustworthiness lays in whether the brand promises are delivered or not – thus, it is "examined" internally; a positive result of the test strengthens the external image and determines individual's satisfaction. That is why effective internal employer branding, related to organizational culture, organizational identity and to mediated by them brand loyalty, is indispensable for company's reputation on the labour market (associations between those elements have been already shown on Graph 7., p. 35).

[142] Sullivan J. (2004), above quoted.
[143] Love L.F., Singh P. (2011), above quoted, p. 177.

Kim & Sturman (2012) identify internal branding with managing the company's culture. Numerous views on exceptional organizational culture's features will be discussed in Paragraph d) of the next section of this chapter. Thus, just a general framework is to be presented below.

There are two main goals of managing an internal employer brand:

- Lowering turnover (enhancing employees' loyalty and retention), and
- Keeping employees engaged (satisfied and motivated to contribute to the organization) and encouraging them to *live the brand*[144].

The degree of *brand loyalty* reflects how likely a customer (external or internal) will be to switch to another brand, especially when the brand changes something. In employment situation it means that a loyal employee will stay with the company despite temporary difficulties, changes or an opportunity to work for another company, perhaps offering a higher pay. This loyalty is related to emotional attachment with the organization and is rooted in relational marketing tenets, social identity theory and the concepts of psychological contract and person-organization fit. It is nurtured by day-to-day meeting the individual's expectations and keeping employment promises, alignment of both parties' values and positive exchange relationship stemming from reciprocal trust.[145] The above determinants ensure continuous satisfaction that in a long-term perspective evolves into employer brand loyalty.

Therefore, r*etention* can be seen as a consequence of loyalty. It means holding onto those employees a company wishes to keep. That is, voluntary turnover is kept low and high-potential individuals choose to stay, to constantly make "repeat purchase" decisions (whether to remain within the organization or seek other workplace).[146] For the company it generates plenty advantages, starting from confirmation of a successful and consistent EVP and closing with a sustained competitive advantage gained through outstanding and inimitable workforce.

It is not sufficient that employees stay with the company if they do not do their best and put just a minimum effort to complete the tasks and keep the job position. They add a real value only if they are engaged. *Engagement* is seen as an individual's choice to participate

[144] Raj A., Jyothi P. (2011), *Internal branding: exploring the employee perspective*, in *Journal of Economic Development, Management, IT, Finance and Marketing, Vol. 3, Iss. 2, p. 9.*

[145] Morgan R.M., Hunt S.D. (1994), above quoted, p. 23.

[146] Kim D., Sturman M. (2012), above quoted, p. 10.

actively, or even proactively in a project, to immerse and involve oneself totally in an activity or a relationship. Kahn (1990), considered to be the first scholar applying engagement theory to employment situation, defines it as follows:

> *(…) personal engagement* [is] *the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.*[147]

The above author claims that numerous factors influence human's engagement ,and they are all related to psychological experience of work driving one's attitudes and behaviours. What shapes this psychological experience, is the multiple levels of powers – individual, interpersonal, group, intergroup, and organizational conditions and predispositions.[148] Those determinants affect the degree of attachment, loyalty and commitment to the company that are regarded as engagement sources.[149] According to Francis & Reddington (2011), the varying degrees of engagement are influenced by what an individual receives from the organization – and this condition of engagement forms part of the social exchange between employee and employer.[150] The more employees receive from the company, the more obliged they feel to bring themselves deeply into their role performances as repayment for the benefits received.[151] It is supposed that a high level of engagement causes superior individual and organizational performance; hence, developing a culture of involvement and motivation is one of the employer branding goals.

One more aspect of internal branding needs attention at this point: measurement of its results. Assessment of the individuals' perception of employer brand within the company is fundamental to verify effectiveness of the undertaken efforts. Satisfaction or engagement surveys among employees can help executives and HR managers in monitoring the actual outcome of internal workplace branding; this, in consequence, would lead them to continuous improvement of the offered "product" and alignment of its attributes with internal clients' needs and expectations.

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[147] Kahn W.A. (1990), *Psychological Conditions of Personal Engagement and Disengagement at Work*, in *The Academy of Management Journal*, Vol. 33, No. 4, p. 694.

[148] Kahn W.A. (1990), above quoted, p. 719.

[149] Robertson-Smith G., Marwick C. (2009), *Employee Engagement: A review of current thinking*, Institute for Employment Studies, Brighton, UK, p. 9.

[150] Francis H., Reddington M. (2011), above quoted, p. 272.

[151] Saks A.M. (2006), *Antecedents and consequences of employee engagement*, in *Journal of Managerial Psychology*, Vol. 21, No. 7, p. 603.

3. Employer branding strategy and HRM functions

Being a human resources management strategy, employer branding affects all its subfunctions (depicted on Graph 3., p. 20): recruitment & selection, development, rewards and employee relations management. Brief summaries of implications for all of them are to be presented in this section; a more extensive analysis of employee relations is provided because of its crucial role in employer branding activities.

a) Recruitment & selection

Branding is a way to attract company's external customers of products – and analogously employer branding is a method to attract and select "internal clients": employees.[152] Therefore, recruitment and selection of high-potential candidates with skills and attitudes needed within the organization is one of workplace branding main goals and the first step in formation of the company crew, able and willing to contribute to sustainable competitive advantage.

Company's employer brand and reputation, and the labour market perceptions of them are often the main reason behind applying for a job in a certain organization, especially for talents. They choose those workplaces which seem to meet best their expectations and that can offer them an EVP they are seeking. Kim & Sturman (2012) describe in their paper the implications of employer branding strategy for recruitment and selection processes; their main conclusions are provided in Table 4.

Table 4. Attraction & selection under employer branding "umbrella" – benefits and implications

Employer branding impact on:	Attraction	Selection
Benefits	• Helps ensuring that the right candidates (in terms of organization-person fit, expectations, skills possessed etc.) apply for job positions • Exceptional organizational culture and effective internal branding help attracting many valuable, qualified candidates	• Supports ensuring that the person-organization fit is checked before hiring • Candidates with a good organizational match are more likely to accept job offers (because of the factors other than tangible remuneration) • Effective communication of EVP increases the likelihood that the selected candidate will accept a job offer

[152] Kim D., Sturman M. (2012), above quoted, pp. 6-7.

Implications for HRM	• Company's employer brand should be clearly communicated to those who it wants to attract • Open message that the company desires to portray as an employer of choice • Ensuring that the employer image is aligned with the actual employment experience	• Underlining the characteristics of job position and the general employment experience during every touch-point with candidates (in order to influence the job selection decision) • Clarifying requirements for the job position • Ensuring that candidates and employees fully comprehend company's values and organization culture

Source: own elaboration based on Kim & Sturman (2012), p. 8, 11.

Effective recruitment and selection process aligned with employer branding strategy ought to be carefully planned – it should reach the right individuals, using appropriate channels and messages, and ensure choosing those with preferable skills, values and attitudes. Leary-Joyce (2004) suggests five steps to ensure that exceptional people get hired. Those steps are:[153]

1. Aligning essential components of organizational culture, requirements of the job vacancy and the long-term needs of the company;
2. Understanding the kind of person who fits into the culture;
3. Making job advertising (requirements and offering) clear;
4. Finding out as much as possible during the interview – identifying candidate's attitude and potential early on, to ensure a high probability they will stay;[154]
5. Asking team's opinion – letting the team meet the candidate to check if they match one another.

It has been already demonstrated in this thesis that attraction to a workplace brand is based on brand associations, image and reputation, formed by many formal and informal communication channels, as well as direct or indirect experiences of individuals. Therefore, this topic is not to be debated again at this point.

[153] Leary-Joyce J. (2004), *Becoming an Employer of Choice: Make Your Own Organisation a Place where People Want to Do Great Work*, CIPD Publishing, pp. 91-94.

[154] The author claims that most employee losses occur during the first six months of employment; if they stay longer than that, they are generally likely to remain for the long term. See Leary-Joyce J. (2004), above quoted, p. 93.

After completion of the hiring process, a newcomer who enters an unknown work environment has to be introduced to the organization, the team, other colleagues and the tasks required on the job position. Induction courses and activities (called also orientation programmes) ought to be carefully planned to ensure that a consistent and complete message is presented to employees about what the company represents and what is expected from the newcomer.[155] Their main goal is to help individuals to adapt to organizational rules – in other words, to enable their organizational socialization (*a process by which an individual employee takes on board the attitudes, behaviour and knowledge needed to participate as an employee*[156]). Other purposes of newcomers induction are:[157]

- Reduction of startup-costs (associated with learning the job),
- Decreasing anxiety that results from entering into an unknown situation,
- Reduction of employee turnover by demonstrating that organization values the newcomer,
- Saving the time of supervisor and colleagues,
- Development of realistic expectations and positive attitudes, and shaping the ground for job satisfaction.

Orientation programmes have a key role in building commitment and shaping psychological contract between the two parties. They should be aligned with and support the employer brand – first months of work include employee's verification of the consistency of external employer brand with the actual employment experience. Therefore, an appropriate understanding of organizational culture and job requirements, both in harmony with company's external image, are essential for employee's trust and further performance. The principle of this process is honesty – a new worker experiences the organization day by day so any information given during introduction phase will be verified – and if that information is not congruent with reality, the unsatisfied employee is likely to leave soon.

[155] Edwards M.R. (2009), *Employer and Employee Branding: HR or PR?* in Bach S. (2009), *Managing Human Resources: Personnel Management in Transition*, John Wiley & Sons, p. 275.

[156] Edwards M.R. (2009), above quoted, p. 276.

[157] Brown J. (2005), *Employee Orientation - Keeping New Employees on Board*, retrieved from http://ipma-hr.org/sites/default/files/pdf/hrcenter/Employee%20Orientation/cpr_eo_Overview.pdf.

b) Opportunities of training and development

Training and development programmes within organizations aim primarily to internally provide the workforce with skills, competencies and attitudes needed to achieve business goals and to enable growth and innovation. However, because of new trends on the labour market and changes in psychological contract[158] between employees and organizations, training and development became also a strong motivator attracting individuals to a workplace. In the past, individuals expected to have a long-life relationship with their employers; nowadays they expect the company to serve them in terms of giving development and fulfilment opportunities and providing with resources.[159] In exchange for effort and flexibility, employees expect their workplace to enhance their employability by providing them with marketable skills.[160] The impossibility of companies to offer a long-term career of secure employment made it necessary to create a new EVP based on opportunities for development to merit their commitment (which became conditioned, due to social exchange rules).[161] In addition, these programmes may be integrated with reward systems: some companies reward employees with extensive training programmes for outstanding performance.[162]

Benefits of extensive training, thus, are related to organizational and individual performance – but not only. They regard also positive attitudes stemming from enhanced job satisfaction, loyalty to the company and increased trust in management.[163] Participation in valuable training sessions can make employees feel appreciated by the organization and enrich their employment experience; as mentioned above, such trainings may be considered an intangible reward. These outcomes are also addressed by employer branding strategy; the conclusion is that training and development opportunities form an important component of a winning EVP and contribute to the company's image on the labour market.

Mentoring programs, strictly connected to development, are another tool enhancing workplace attractiveness. Allen & O'Brien (2006) demonstrate in their study that job seekers

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[158] These changes of psychological contract were presented in the beginning of this chapter (see Table 1, p. 25).

[159] Baruch Y. (2004), *Transforming careers: from linear to multidirectional career paths. Organizational and individual perspectives*, in *Career Development International*, Vol. 9, Iss. 1, p. 59.

[160] Backhaus K., Tikoo S. (2004), above quoted, p. 504.

[161] Baruch Y. (2004), above quoted, p. 59.

[162] Wilson J.P. (1999), *Human Resource Development: learning & training for individuals and organizations*, Kogan Page, London, p. 18.

[163] Bansal H.S. *et al.* (2001), above quoted, pp. 67-68.

(especially the high-potential ones, with greater learning goal orientation) are more attracted to the companies that offer formal mentoring than to the ones that do not.[164] The reasons behind it may be related to the symbolic message sent to potential employees that the organization cares about its employees and wants to invest in them.

Therefore, not only do the training & development and mentoring programmes determine company's performance, but they also contribute to company's employer brand: an organization offering such opportunities is considered a more attractive employer. Especially young candidates find them essential due to their lack of experience and willingness to learn on-the-job. Opportunities of development and formal mentoring ought to be clearly communicated through EVP, having in mind the key role of consistency between declared brand promise and its delivery.

c) Rewards

Employer brand, according to Bergstrom & Anderson (2001), unifies a total rewards system by supporting an organization to manage and market the overall impact of its total employment experience and by discovering and developing the most valuable motivating factors.[165] The main function of rewards, thus, is to motivate potential and current employees to join, engage and stay within the company.

Workforce rewards are composed of tangible (financial, remuneration & benefits) and intangible (symbolic, recognition) elements. Salary and tangible benefits are important factors motivating talents to choose and support their workplace – they represent an economic value to individuals. However, intrinsic rewards, such as praises, public recognition, status and promotion, are supposed to have a greater impact on employee retention; they address the humans' need of esteem and create a basis for job satisfaction. Furthermore, they are embedded in organizational culture and reflect senior managers' attitude to managing people. Both dimensions of rewards ought to be thoroughly considered when building a company's EVP.

[164] Allen T.D., O'Brien K.E. (2006), *Formal Mentoring Programs and Organizational Attraction*, in *Human Resource Development Quarterly*, Vol. 17, No. 1, p. 53.

[165] Bergstrom K.. Anderson M. (2001), *Delivering on promises to the marketplace: using employment branding to build employee satisfaction*, in *Journal of Integrated Communications*, 2000-2001 Issue, pp. 52-53.

As depicted on Graph 11., p. 52, tangible remuneration may include: base salary, yearly incentives, health insurance, stock options, profit-sharing plans and pension. Other benefits, such as gym pass or interest-free loans, also match this category. There is no consensus among scholars about the impact of financial rewards on a successful EVP. Some of them (e.g. Pfeffer & Veiga, 1999, Bansal *et al.*, 2001) suggest that employer of choice offers an above-average salary and pay contingent on performance to enhance the psychological contract between employee and organization, increase levels of organizational commitment, upgrade productivity, lower turnover and, in consequence, improve profitability.[166] High remuneration is considered to be positively related to job satisfaction, loyalty and trust in management.

On the other hand, numerous studies show that loyal employees and the ones who share company's values and identify themselves with the organization, decide to remain even when work conditions are not as good as the ones offered by competitors.[167] The findings of Kucherov & Zavyalova's (2011) survey confirm this statement and reveal that companies with a strong employer brand can offer a lower salary to employees in comparison with employers without a developed brand (the acceptable pay is 26% lower).[168] This implies that a well-established workplace brand enables organization to attract talents at lower compensation level.[169] The reason of this phenomenon may be found in employees' priorities when considering an EVP. Financial rewards are necessary but do not present the most important factor of retention from the employees' point of view. Career development opportunities, social atmosphere and job content have a more significant relationship with employee outcomes (as shown in Table 3, p. 54); thus, if these three determinants deeply satisfy employees' expectations, they are more likely to accept a lower salary (however, it should not be lower than an average pay on this job position). An inferior level of remuneration acceptable is analogous to premium price that is paid for a better product. Exceptional organizational culture, prestige, leaders' behaviours, job content or ideological issues legitimate this premium price and make employees remain with the company despite

[166] Bansal H.S., Mendelson M.B., Sharma B. (2001), *The impact of internal marketing activities on external marketing outcomes*, in *Journal of Quality Management,* Vol. 6, p. 68.

[167] Backhaus K., Tikoo S. (2004), above quoted, p. 509.

[168] Kucherov D., Zavyalova E. (2012), *HRD practices and talent management in the companies with the employer brand*, in *European Journal of Training and Development*, Vol. 36, Iss. 1, p. 101.

[169] Park H.J., Zhou P. (2013), *Is There a Correlation for Companies With a Strong Employment Brand Between Employee Engagement Levels and Bottom Line Results?,* retrieved from Cornell University, ILR School site: http://digitalcommons.ilr.cornell.edu/student/24/.

possibility to find a better paid job but within another organization, whose workplace brand is considered less attractive.

Intangible rewards have a great motivational power stemming from basic human need of being acknowledged and appreciated. If employees feel important for the company, they are more likely to engage in their jobs. There are many practices used for symbolic compensation:[170] assignment of interesting job tasks (job enrichment), providing complete information and constructive feedback, involvement in decision-making processes, autonomy, flexibility, public recognition, career advancement, or yearly praises are some of them worth mentioning. Their usage is deeply entrenched in organizational culture and style of leadership, thus a harmonious HRM under employer branding "umbrella" is considered to be an effective integrative approach to workforce management. The role of line managers is crucial in employees' recognition.

d) Employee relations. Organizational culture & work-life balance initiatives

Previous sections of this thesis broadly explained the key role of employees and company's relationship with this stakeholder in building a sustainable competitive advantage. Managing employee relations is a great challenge for executives and HR workers. The complexity of associations and bonds that arise among people working together, their individual characteristics, personalities, beliefs and private lives, influenced by internal and external environment, is the origin of a relative unpredictability of their behaviours and of potential conflicts. Setting goals and objectives is necessary, but not sufficient to ensure achievement of business success. Employees ought to be a *crew* and not just a sum of individuals.

Therefore, appropriate conditions need to be created to enable people to do their best and to contribute effectively to an above-average performance. Organizational culture, through common values, beliefs, management practices and promoted attitudes, plays an essential role in employee relations management. It is influenced by HR practices and embraces all HR subfunctions, however it cannot be imposed from the top, since too many actors and variables take part of its formation. Organizational culture is being built day by day by all members of a company.

[170] Nelson B. (1996), *Secrets of Successful Employee Recognition*, retrieved from http://www.quality-digest.com/aug/nelson.html.

McKinsey study (1998) found "values and culture" an absolutely crucial motivating factor attracting managerial talents who find them matching their own principles.[171] Shaping organizational culture means developing long-lasting relationships (analogous to relationship marketing rules applied to products' customers) based on common values, commitment and trust. Kim & Sturman (2012) argue that a necessary pre-requisite of a strong culture is leaders' and managers' support, responsibility and conformity of their behaviours with declared values. They serve as an example of desired attitudes and practices.[172] Furthermore, the scholars suggest that employer brand is embedded in organizational culture. Creating an on-culture employer brand has impact on the employees behaviours' fit to the business goals, since they become deeply rooted in the brand ethos.[173]

How to create and nurture an exceptional organizational culture acting in synergy with employer brand? There are numerous suggestions provided by academic and popular business literature. However, every organization's culture is different and unique, and it cannot be said that one culture is good and another is not – they are basically different and fit another kind of people; that is why individuals choose the workplaces and cultures that *are most comfortable for them: those that are most congruent with what they seek in work environments*.[174] Thus, as Herman & Gioia (2001) suggest, it is important to have in mind while considering various best practices that there is no one right way of developing a perfect culture. Companies should focus on and promote these elements and practices which suit best the organization and its goals. Several views on exemplary organization culture are to be described to show a variety of possible solutions.

Pfeffer & Veiga (1999), for instance, provide us with a set of seven practices to develop a culture of enhanced involvement and commitment which, in consequence, would increase organizational performance. The proposed implements are:[175]

a) Providing employment security – it enhances knowledge sharing, innovativeness and productivity; it also decreases probability to lose employees during difficult times for the company;

[171] Chambers E.G. *et al.* (1998), above quoted.
[172] Kim D., Sturman M. (2012), above quoted, pp. 13-14.
[173] Kim D., Sturman M. (2012), above quoted, p. 14.
[174] Herman R.E., Gioia J.L. (2001), *Helping Your Organization Become an Employer of Choice*, in *Employment Relations Today*, Vol. 28, Iss. 2, p. 68.
[175] Pfeffer J., Veiga J.F. (1999), *Putting people first for organizational success*, in *Academy of Management Executive*, Vol. 13, No. 2, pp. 40-44.

b) Ensuring selective hiring – recruiting the right people with skills needed, cultural fit and value congruence;
c) Team-based work organization and decentralization – increased self-control of teams, or peer-based control and elevated sense of responsibility; enhancing creativity through knowledge sharing;
d) Comparatively high remuneration contingent on organizational performance – a deeply motivating factor;
e) Extensive training – shaping a skilled, high-quality workforce open to change; focus on development is an essential component of high performance work systems;
f) Reduction of status differences – to make all the employees feel important and committed, and to enhance the sense of fairness of company's procedures;
g) Culture of information sharing – in other words, adapting the philosophy of *open-book management* to increase cooperation and transparency.

Similarly, Herman & Gioia (2001) propose in their paper a cafeteria of best practices that can be adapted and applied to create and maintain a unique culture within a company willing to become an employer of choice. According to the authors, great workplace's culture is determined by a mix of the following rules and practices:[176]

a) High standards
    - in terms of fairness, mutual respect, open and honest communication, honouring older workers and supporting diversity initiatives;
b) Encouraging entertainment in and out of the office
    - celebrating special occasions: birthdays, anniversary dates of employment, company's anniversary, and small as well as big successes: individual and team achievements, launching new products etc.,
    - bringing fun to work makes people enjoy it more and be excited, and in consequence more satisfied;
c) Fostering collaboration and support
    - through providing employees with sufficient knowledge and resources;
d) Using technology
    - to make the job easier, faster, more efficient and more enjoyable;

[176] Herman R.E., Gioia J.L. (2001), above quoted, pp. 68-74.

e) Removing status barriers
    - to make employees work together on partnership basis,
    - eliminating formal dress codes, the parking hierarchy, providing access to information and evaluating space status;

f) Creating a culture of success
    - to enhance enthusiasm and commitment to the leaders
    - encouraging public recognition, company spirit (e.g. corporate-branded clothing and gadgets to enable people to demonstrate their connection to the employer) and traditions, expecting high performance, welcoming innovation and valuing research and development;

g) Focus on an open, two-way communication
    - sharing information assertively and being highly responsive to questions that may arise; demanding strong communication between departments;

h) Enlightened leadership
    - placing visionary, charismatic people on leadership positions; people who are visible and accessible to all employees, who deliver an open and honest feedback,
    - creating an environment of caring, coaching and mentoring, inspiring servant leadership.[177]

The topic of excellent organizational culture contributing in high performance has been also developed by popular business and management press. In a Harvard Business Review article (2013) the authors unravel the tools to create *the best workplace on Earth*, based on a three-years study among executives from all over the world. The findings show that there are six main principles of ideal organizations:[178] 1) *valuing individual differences* (letting people be themselves, rejecting the conformity culture); 2) *honest information* (regarding strategic decisions and policies) and transparency towards all employees; 3) *investing in employees, developing their strengths* (instead of merely extracting value from them); 4) *meaningful mission* (making employees believe in what they do, share values and live the

[177] As Herman and Gioia (2001) explain, "servant leadership is defined as a style in which the leader considers himself a servant and a support to other employees. Under this concept, the role of the leader is to serve all employees so they can perform their jobs and fulfil their responsibilities." See Herman R.E., Gioia J.L. (2001), above quoted, p. 78.

[178] Goffee R., Jones G. (2013), *Creating the Best Workplace on Earth*, retrieved from https://hbr.org/2013/05/creating-the-best-workplace-on-earth.

brand); 5) *meaningful jobs* (giving responsibility to employees and showing the sense and input of their daily work to the general mission realization); 6) setting only *legitimate rules*, without creating a rigid bureaucracy (focus on *a sense of moral authority* based on a conviction that people want to do good work; providing them with a certain degree of autonomy). It is suggested in the paper that such organizational structure allows people to express the authentic selves and leads them to higher levels of organizational commitment, individual performance, and propensity to help others.[179] However, as the authors point out, it is difficult if not impossible to implement all the principles at the same time, as they may conflict with one another. They can be seen as guidelines or inspirations to create an exceptional workplace.

To conclude, it is important to highlight that the key condition to enable formation of an excellent, people-oriented organizational culture is an active support of senior managers and leaders. They ought to promote core values of the company, such as honesty, respect, integrity, collaboration, trust, and provide permanently transparent communication to all employees.[180]

Work-life balance is another significant concept related to employee-employer relationship and it is becoming increasingly demanded by high-potential young workers. Work-life programs aim helping employees to manage the interface between work and personal life activities, including family.[181] They are based on the assumption that conflicts between work and family life may cause individual's turnover and withdrawal or decreased productivity; therefore, the initiatives reducing this conflict are considered useful in retention of valuable workers. They make part of an attractive EVP for many categories of candidates, especially women and professionals.[182] These initiatives may include various solutions, such as on-site day-care for children or flexible working hours and parental leaves, as well as

[179] Ibidem.

[180] Love L.F., Singh P. (2011), above quoted, p. 178.

[181] Konrad A.M., Mangel R. (2000), *The impact of work-life programs on firm productivity. Research notes and commentaries*, in *Strategic Management Journal*, Vol. 21, p. 1225.

[182] Konrad & Mangel (2000) argue that those two categories of employees are particularly interested in work-life balance programs offered by companies: female workers because of their traditional in-family role of taking care of children; professionals because of many years dedicated to education, delayed family formation and coincidence in time of their peak productive years and decision to start a family, as well as because of the high level of autonomy enjoyed by professionals (thus, flexible hours are very appreciated by them). See Konrad A.M., Mangel R. (2000), above quoted, pp. 1227-1235.

organization of pro-family events (e.g. family picnics or bringing children to workplace on Children's Day).

There are numerous benefits stemming from implementation of work-life balance initiatives, for both employees and the company. In terms of recruitment activities, they become an appealing and often demanded component of a successful EVP. Individuals, especially those who represent Y generation, have in mind a future desire to form a family and they see work-life balance practices as a signal that the organization cares about employees and they will not have to change or lose their job if they decide to have children. The perceptions of anticipated organizational support among job seekers are enhanced and they are more likely to apply to a company that includes these practices in its employment offering.[183]

Work-life balance initiatives have also a positive impact on current employees – lost productivity due to distraction, lateness and absenteeism (caused by work-family conflicts) is reduced and work effort is increased to avoid losing a job that provides them with the flexibility they desire. In terms of social exchange between the two parties, employees feel obliged to put more effort, give more to an organization which understands their needs – it represents a symbolic value of these activities, a signal that the company cares about employees' well-being.

Summarizing, it seems clear that work-life balance initiatives have a positive impact on long-lasting, trust-based relationships between a company and its employees. They should be considered as a useful tool in building employee loyalty and increasing the retention of top-performers; if the target candidates and workers need this kind of support, it ought to be included in EVP in order to create a winning employer brand.

[183] Beauregard T.A., Henry L.C. (2009). *Making the link between work-life balance practices and organizational performance*, in *Human Resource Management Review*, Vol. 19, pp. 9-22, retrieved from http://eprints.lse.ac.uk/25224/1/Making_the_link_between_work_life_balance_practices_and_organizational_performance_%28LSERO_version%29.pdf, p. 30.

4. Impact of a successful employer branding strategy on organizational performance

Numerous benefits of employer branding strategy implementation have been shown in the preceding sections. They are to be summarised at this point, grouped into two main categories: internal and external outcomes; both influence organizational performance and contribute to the creation of a sustainable competitive advantage through people.

a) Internal benefits

Positive results of a successful employer branding on organizational functions culture are the following ones:

- Recruitment costs are diminished and more candidates apply for job positions;
- Voluntary turnover is lowered and employee loyalty is enhanced;
- Employees are more satisfied, emotionally attached to the organization and engaged in their jobs; the desire to keep their jobs makes employees put more effort in making a good work – thus, their performance is greater;
- Employees have less stress and enjoy their job more because of the focus on a good atmosphere among colleagues and managers;
- Individuals trust more[184] the leaders and colleagues and they feel obliged to reciprocate when they feel that the company cares about them;
- Strategic planning is easier due to the continuity of workforce;
- Organizational culture is extremely difficult, if not impossible, to imitate – therefore it can provide a special and sustainable competitive advantage;
- A ground for innovativeness and creativity is developed – only in a culture of openness, knowledge sharing and trust there is enough space for them;
- Corporate citizenship behaviours among employees are more common.

[184] The importance of trust in organizations is highlighted by Rotter (1967): "One of the most salient factors in the effectiveness of (…) complex social organization is the willingness of one or more individuals in a social unit to trust others. The efficiency, adjustment, and even survival of any social group depends upon the presence or absence of such trust.". See Rotter J.B. (1967), *A new scale for the measurement of interpersonal trust*, in *Journal of Personality,* Vol. 35, Iss. 4, p. 651. Indeed, in any organization the trust is the ground of relationships among its members. Organizational culture supported by employer branding activities is, indeed, based on reciprocal trust.

b) External benefits

A winning EVP and effective employer branding have also helpful impact on external image and reputation. The primary external benefits for the company are enlisted below:

- Improved reputation among potential employees, consumers, shareholders and other stakeholders;
- Company becomes more attractive to investors due to perceived stability;
- Organization gains wider exposure if it is considered an employer of choice – the corporate, product and employer brand awareness are increased;
- The overall performance is greater thanks to the sustained competitive advantage achieved.

To conclude the above considerations, an ethical issue is to be raised. Employer branding strategy, such as other business strategies, has as the main purpose profit gain: greater revenue, lower costs, higher quality, better products or services. However, it goes beyond economic goals – it is related to the social responsibility of a company. Treating employees as internal clients and not just as resources includes understanding and satisfying their needs – thus, they are put in the heart of organization's interest. Recognizing humans in employees ought to be the key principle of employer branding strategy implementation; businesses should move beyond profit maximizations and economic priority and instead focus on making equal priorities among all stakeholders.[185]

In the next chapter an exceptional employer is to be analysed and described – a Polish organization with an excellent reputation on the labour market, as well as on the consumer market. Rooted in the owners' intrinsic beliefs and values, through an extraordinary organizational culture, Dr Irena Eris Cosmetic Laboratories gained a successful employer brand in Poland. The success can be measured by the fact that despite Soviet occupation and, stemming from it, economic limitations to setting up and developing a business in Poland, the company founded in 1983 as a local small cottage industry not only did survive the competition of multinational corporations after opening markets in 1989; it kept on growing and is still doing so, exporting products to around 40 countries and being considered one of

[185] Aggerholm H.K., Andersen S.E., Thomsen Ch. (2011), *Conceptualising employer branding in sustainable organisations,* in *Corporate Communications: An International Journal*, Vol. 16, No. 2, p. 109.

the most significant producers on the national level. Moreover, Dr Irena Eris Cosmetic Laboratories is considered a great place to work by its employees and external stakeholders – and this will be the topic of Chapter III.

III. Case study: Dr Irena Eris Cosmetic Laboratories

Dr Irena Eris group is guided by respect for people,
promoting their individuality and cooperation. (…) We are clear about our values:
we focus on people; we promote cooperation; we value individuality;
and we respect tradition as it gives our company a "soul".

Irena Eris, founder and owner of Dr Irena Eris S.A.

There are many employees that really care about doing their best at work.
It's good to work with this kind of people.

Employee, GPTW survey, 2013

In my department there is a friendly and family-like atmosphere (…)
I like coming to work even if sometimes there are difficulties.
To answer the question if there is anything particular… I say PEOPLE. The greatest
value of this company are PEOPLE.

Employee, GPTW survey, 2012

Dr Irena Eric Cosmetic Laboratories is a Polish company producing cosmetics and being a great place to work – according to its employees. An exceptional organizational culture, being built since the company's foundation and based on transparent communication, tradition and respect, enables people to do their best and lets them be themselves in the workplace. A sustained competitive advantage achieved through people is the topic of this case study. Based on the theoretical background provided in previous chapters, an analysis of company's culture and of its internal and external image as an employer (including EVP and employer brand) is to be conducted.

Section 1. describes Dr Irena Eris Cosmetic Laboratories – the company's structure, fields of activity, portfolio of brands, the level of annual sales and a brief overview of the cosmetics industry in Poland.

The company's human resources management strategy and practices will be characterized in Section 2. The values driving the owners, senior managers and HR workers in their attitude

and behaviour toward employees are illustrated and their impact on organizational culture is explained. Furthermore, this section provides a description of organization's recruitment & selection methods and workforce structure (both based on no-discrimination policy), and the concept of Management by Objectives, being a key "lens" while considering employees' performance management, staff development and in general the work settings present in Dr Irena Eris CL.

Section 3. focuses on the company's employee value proposition – its six components are described in detail; furthermore, some suggestions, based on direct observation and analysis, on a more distinguished EVP will be provided by the author of this thesis. Finally, the communication channels with potential and current employees are presented.

In Section 4. the findings of case study analysis will be shown: the research concerned the company's internal and external employer brand (based on both primary data: a focus group session conducted by the author, and secondary data: company's reports regarding Great Place To Work survey, Universum Student survey rankings on ideal employers). Some implications of these results on Dr Irena Eris CL's employer brand will be further explained.

Finally, Section 5. illustrates the impact of HRM strategy and of company's employer brand on performance. Particular attention is given to sales growth over time, employees retention, turnover rate benchmarked to its level on the national and European labour market. In addition, its contribution to corporate reputation is mentioned.

1. About the company

Dr Irena Eris is one of the most recognisable Polish cosmetic brands. It was created by Irena Eris and her husband Henryk Orfinger; the company's history began in 1983 from a local small cottage industry, when Eris was employing one employee and producing 3.000 packages of single type of cream per month. In a soviet reality of Poland's 1980s, it was difficult to produce but easy to sell (demand much higher than supply, governmental limitations), so a national brand quickly acquired first clients. In 1986, the demand for cosmetics increased and as the result the company rapidly grew. After the political and business reforms in 1989 new opportunities of growth arose. In 1993, a new facility was launched in Piaseczno near Warsaw, where the company is based now.

Dr Irena Eris Cosmetic Laboratories (hereafter Dr Irena Eris CL), whose case study is to be developed, makes part of a group of companies with Dr Irena Eris S.A. as the head of the group. Their structures, connections and brief characteristics are described in following paragraphs.

a) Dr Irena Eris S.A.

Today's Dr Irena Eris S.A.,[186] significantly grown over past years, is a well-managed and modern company employing over 1.180 employees and producing 20 million items a year, exported to over 40 markets worldwide. It is a parent company of a group of companies; the structure of connections is depicted on Graph 12.[187]

Graph 12. Organisational structure of Dr Irena Eris S.A.

Source: own elaboration on the basis of company's data

Dr Irena Eris is a precursor of the holistic approach to cosmetics & wellness industries – an attitude which is based on production of innovative cosmetics, its own Centre for Science and Research (both units making part of Dr Irena Eris CL), a network of professional Skin Care Institutes and exclusive five-star Spa Hotels. Cooperation between these four pillars

[186] The abbreviation S.A. stands for "Spółka akcyjna" – a public limited-liability company; Sp. z o.o., instead, stands for "Spółka z ograniczoną odpowiedzialnością", that is, a private limited-liability company.

[187] The three SPA hotels are not distinct legal entities, they are a part of one company, Dr Irena Eris SPA Hotels Sp. z o.o.

over many years has consistently allowed development of a unique luxurious brand. To enhance this exclusive image and more intensely associate the brand with luxury, since 2007 Dr Irena Eris organizes annually an international golf tournament for women, the Dr Irena Eris Ladies' Golf Cup. The tournament is currently one of the most prestigious and best women's golf tournaments in Europe.

Dr Irena Eris Skin Care Institutes offer professional beauty treatments. Three departments of the Skin Care Institutes are located in SPA Hotels of the group, while other Institutes work on the basis of franchising model and are managed by external parties.

Dr Irena Eris SPA Hotels are the most luxury facilities in Poland, the two of them are the only Polish members of the elite organization, the International SPA Association and Premium SPA Resorts. In 2014, National Geographic Traveller issued a ranking of the best luxury SPAs in which the best SPA from around the world are presented, including – as the only two from Poland – the Dr Irena Eris SPA Hotels in Dylewskie Wzgórza and Krynica Zdrój.

Furthermore, in 2012 Dr Irena Eris was invited as the only non-French cosmetic brand to the prestigious Comité Colbert (corresponding to the Italian Fondazione Altagamma) – an association of the most luxurious brands, among which one can find, for instance, Chanel, Dior or Louis Vuitton. Until recently, this elite organization was open only to exclusive French companies. Members of the Comité must be synonyms of luxury, reliability and high quality, and Dr Irena Eris has been associated for many years with exclusiveness, effectiveness and innovation. Admission of Dr Irena Eris as a member of the Comité Colbert was an exceptional distinction for the brand and affirmation of its international success. Not only were the cosmetics appreciated as being of excellent quality, but also the philosophy adopted was recognized – an approach which establishes the direction of the business for the future: respect for tradition, ethics in business, aspirations for excellence, implementation of *the holistic approach to beauty and innovation*.[188]

Dr Irena Eris S.A. is a family-based company and the founders actively participate in organizational life.

[188] Company's press release.

b) Dr Irena Eris Cosmetic Laboratories Sp. z o. o.

Dr Irena Eris CL whose case is a part of this thesis, is a manufacturing company and the core business of the holding. From the early stage of research and development in the Centre for Science and Research, through production to marketing and sales, the company internally exercises all the business processes demanded. The organizational chart of various functions is presented below (Graph 13.).

Graph 13. Organizational structure of Dr Irena Eris Cosmetic Laboratories Sp. z o. o.

Source: company's data

Dr Irena Eris CL is now one of the few producers of cosmetics not only in Europe but also throughout the world, that has its own Centre for Science and Research (and the only one in Poland) – which conducts advanced *in vitro, ex vivo* and *in vivo* tests. The results of analyses carried out within the unit are presented at international conferences and published in prestigious scientific periodicals.

The portfolio of Dr Irena Eris CL products (over 300, mainly skin-care and body-care cosmetics and, recently launched, make-up cosmetics) is addressed to various segments and it is composed of the following brands:

- Premium brands: the core brand *Dr Irena Eris* (exclusive cosmetics, upper segment), professional cosmetics *Prosystem*, including *Prosystem Home Care* (an individual skin care programme, recommended on the basis of a previous skin diagnosis at each of Dr Irena Eris Skin Care Institutes);
- Make-up brand *Provoke* (upper segment);
- Dermocosmetics: *Pharmaceris*, a brand distributed at pharmacies and dedicated to a range of skin problems (thirteen product lines);
- Economic brands: *Lirene* and dedicated to young skin *Under Twenty*.

The company's sales and their growth over years are presented on Graph 14. As demonstrated, despite the financial crisis the sales did not decrease; what is more, they have been constantly increasing which is a proof of a successful strategy.

c) Polish cosmetics industry – an overview

The cosmetics industry in Poland is a developed market with a long tradition. It is created by around one hundred big and medium-sized companies and over three hundred small and micro ones. Some globally known brands have their roots in Poland: Helena Rubinstein or Max Factor were born in this country. Furthermore, Poland is the only country in Europe, apart from Lithuania, where cosmetology is taught at university level.

The value of the Polish cosmetics market in 2011 was 3,3 billion Euro, giving this country the 6th place in Europe (with regards to both the home market and exports).[189] After 1989 when free market was established, international concerns entered to the game and the national companies had a challenging task to remain competitive. Some of them achieved that goal and in effect, 50% of the Polish market of body and face care cosmetics belong to local Polish brands. What is more, cosmetics export rates are growing every year by 25% (more than a half of the cosmetic products made in Poland go to foreign markets; the country is the

[189] *The Polish Cosmetics Industry* (2012), retrieved from http://www.polishcosmetics.pl/folder-en-internet.pdf.

Graph 14. Annual sales of Dr Irena Eris Cosmetic Laboratories

(Source: own elaboration on the basis of company's data)

* Until 2010 the performance contains Dr Irena Eris Cosmetic Laboratories' and Skin Care Institutes' sales. After 2010 Skin Care Institutes are separate entities.

** In 2012 the legal form of Dr Irena Eris CL was changed (from S.A – a stock company, to Sp. z o.o. – a private limited liability company).

*** Data from 2014 is a business review from September 2014.

Net Sales = Sales - Commercial Costs

6th exporter of cosmetics in Europe).[190] In addition, according to Euromonitor International, the growth rate of Polish cosmetics market is one of the highest in Europe (around 5%, while Germany 2,8%, Great Britain 4%, France 1%, Italy less than 1%). In the ten-years period from 2001 to 2011, the value of export within this industry raised over five times.[191]

The industry is represented by the following companies, being the biggest and best known players: Dr Irena Eris Cosmetic Laboratories, Soraya, Dax Cosmetics, Ziaja, Kolastyna, Oceanic, Dermika, Bielenda, Joanna and Inglot. Their international competitors are mainly: L'Oréal, Beiersdorf, Coty. As already mentioned above, the local brands cover around half of the Polish market; Dr Irena Eris CL plays an important role among them.

2. Specificity of HRM and organizational culture

Human resources management has always had a significant place in Dr Irena Eris CL's strategy – it is clearly demonstrated in the mission and values that people are in the heart of its processes and policies:

> *In all its activities, the Dr Irena Eris group is guided by respect for people, promoting their individuality and cooperation. Our care for other people's wellbeing is reflected both by the top-quality cosmetics and services and by the high quality of interpersonal relationships within the company and outside. We are clear about our values: we focus on people; we promote cooperation; we value individuality; and we respect tradition as it gives our company a "soul". Adhering to these values would not be possible without developing a common human resources policy based on equal rights and equal responsibilities, regardless of gender, age, or professional experience.*[192]

This respect for employees stems from the owners' intrinsic values and mindset – Irena Eris often underlines that the success achieved by the company is their merit. That is why transparent communication, care of employees' well-being, attractive employment offering and good atmosphere since the beginning have been promoted and nurtured by the owners and top managers.

[190] Ibidem.
[191] Ibidem.
[192] Retrieved from http://drirenaeris.com/en/careers.

For thirty years of company's existence there had never been established an explicit employer branding strategy; just in 2014 for the first time HR department defined expressly the employee value proposition and focused on company's external employer image among various categories of potential employees. Until then, the distinguished employer brand created was the result of human resources management principles such as respect and trust; a kind of positive "side-effect". The HR strategy for 2015 contains explicit employer branding activities. The fact that the priority given to people and focus on creating an attractive workplace are embedded in organizational culture creates a great value to the company – a unique and inimitable culture is one of the main sources of competitive advantage sustained by Dr Irena Eris CL. It has been built for 32 years and its attractiveness is confirmed by employees' satisfaction surveys, retention rate (some workers' tenure is thirty years – they have stayed with the company from the very beginning) and the overall performance over years, characterized by continuous growth despite financial crisis and other environmental determinants.

Irena Eris has always been passionate about her business and she wants to transmit her passion to employees, giving their work a meaning, such important for young high-potential candidates. Asked about what keeps her going forward, she says:

> *It gives me joy. Not only me, but other people as well. There's a lot of talk about human capital and that's really the key for successful business, for development. Our business is not just about data, it's about intuition, imagination, respect and being honest. This is what's important, this is what makes us happy and what makes us want to go forward.*[193]

HRM strategy is integrated with the business strategy through Management by Objectives (MBO) culture. As defined by Odiorne (1965), MBO is *a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.*[194] The main outcome of implementation of this approach is a higher motivation – the individual goals are internalized by employees, thus they put more effort to achieve them.

[193] Danet J.B., Liddell N., Dobney L., Allen T., MacKenzie D. (2013), *Party Marketing*, LID Editorial, London, p. 2003.

[194] Odiorne G. (1965), *Management by objectives: A system of management leadership*, Pitman, New York, pp. 55-56.

Furthermore it results in improving management performance as it enables managers to focus on the key activities, promotes better delegation and accountability, develops their involvement and enhances managers' commitment to their jobs.[195] MBO has also a significant input in promoting innovation within an organization: employees are encouraged to express their opinion about certain goals and to propose their own solutions, and they are not mere executors of imposed from the top activities.

Therefore, managers of Dr Irena Eris CL set their goals with their supervisors, agreeing about the targets, priorities and deadlines for achieving particular goals contributing to corporate purposes and mission. Annually, periodic meetings of each manager with their supervisor are conducted to review goals achievement, evaluate individuals' performance, competences and efforts and specify the weaknesses (called "areas to improve"). The outcomes of such discussions generate the basis for employee's annual bonus and training & development plan. Not only are managers assessed during such meetings, but they also set their goals for the following year. Thus, progression and continuous improvement are ensured.

Culture of information sharing and a flat organizational structure additionally strengthen company's culture. Employees are secure of their employment and as a result, knowledge sharing attitudes, innovation and productivity are enhanced (theoretical background of those associations was explained in Chapter II). These features of organizational culture are essential in case of Dr Irena Eris CL – innovation is the key determinant of success in cosmetics industry. Moreover, as it will be described in the following sections, the company cares about employees, giving raise to their feeling of obligation to reciprocate, according to the social exchange theory.

In conclusion, employee participation is the key principle of human resources management in Dr Irena Eris CL. This participation and involvement are reflected in EVP and day-to-day activities. Its roots lay in organizational culture characterized by reciprocal trust. Furthermore, this culture enabled intuitive formation of an exceptional employer brand – the brand that today gives an indisputable reputation of Dr Irena Eris CL on both labour and consumer markets.

[195] Humble J.W. (1967), *Improving Business Results,* Management Centre Europe, Brussels, pp. 45-49.

Another issue worth mentioning at this point regards recruitment & selection process in Dr Irena Eris CL. Both internal and external candidatures are taken into account, that is, for some positions the job offers are posted on the intranet site and current employees may apply. The process consists of two or three stages and contains analytical tests, DISC personality tests, competences examination and in some cases Assessment Center (especially in selection of participants of Talents' Laboratory). Recruitment and selection for top managerial positions are usually carried out by external entities, that is by recruitment agencies, or internally via career advancement. Newcomers are introduced to the company through training on-the-job, meetings with various workers representing different departments, team's support and, in case of Talents' Laboratory participants, assignment of a mentor.

Dr Irena Eris CL offers also internships for students and traineeships for recent graduates. In the period from June to September every year, students can join the company (mainly the Center for Science and Research or Department of Quality Management) for an unpaid internship; in average six interns per month are enabled to practice and develop their skills on the job. Furthermore, since the company supports equal employment opportunities to persons with disabilities, traineeships for them are available under the program *Disabled persons, equally able workers*. The topic of equal opportunities and diversities in Dr Irena Eris CL is to be widely discussed below.

In Dr Irena Eris CL there is a belief in equal employment opportunities. It means that the company's employment policies and procedures are designed to ensure that no employee and no candidate receives less favorable treatment than another, especially on the grounds of their gender. The efforts made by the company in this field are externally appreciated as in 2006 it received Gender Index[196] prize – a Company of Equal Opportunities award (1st place in the category of big enterprises). Gender Index is an indicator that shows to what extent companies fulfil gender equality rules in their HR policy.[197]

In 2006 Dr Irena Eris CL had the following employment structure:

[196] The Gender Index was a project of United Nations (United Nations Development Program) as an answer to the problem of discrimination against women on labour market. Its goal was to elaborate and promote an effective business management model having regard to the gender equality policy.

[197] The analysed fields were seven: recruitment policy, promotion opportunities, protection from dismissal, training opportunities, remuneration, protection from sexual harassment and mobbing, possibility to reconcile family and work commitments.

The methodology applied in the research was a questionnaire survey with 38 characteristics regarding all the fields. There were three target groups taking part of the survey: HR departments (questionnaire for HR), employees (questionnaire for employees, both men and women) and employers (questionnaire for employer).

- 62% women and 38% men,
- Managerial positions (34% of all job positions) covered in 50% by men and 50% by women,
- Women covering managerial positions of all levels (1st line, 2nd line and top management).

According to the majority of employees the company was providing men and women with equal promotion and training opportunities, gender did not affect recruitment process and they had convenient working hours.

In 2014 not much has changed. Table 5. shows the current employment structure (as at 23 September 2014).

Table 5. The workforce structure in Dr Irena Eris CL (2014)

Category of employees	Number of employees	Including women	% of women
Directors	8	5	62,5%
Managers	28	17	61%
Office workers	120	81	67,5%
Sales & Marketing workers	60	45	75%
Production workers	159	74	46,5%
SUM	**375**	**222**	**59%**

Source: company's data

Employees are not discriminated because of gender; among female workers maternity is not only accepted, but even promoted (in 2012 eight female employees were on maternity leave, in 2013 this number doubled and in 2014 there were nineteen women on maternity leave). After return they are protected against dismissal and while being on leave they can apply for vacancies in internal recruitment. Furthermore, the company is open to candidates of various age – the average age of employees is 42,4 years. The HRM strategy for 2015 is to attract young talents since, because of a very low turnover rate, Dr Irena Eris CL's workforce is aging and a wider diversity of perspectives, skills and fresh point of view are desired.

In conclusion, human resources management strategy in Dr Irena Eris CL, reflected in organizational culture, is characterized by transparent communication, partnership, participation, reciprocal trust, equal opportunities policy and openness. These principles

contribute significantly to the company's employer brand. In addition, the company received several awards in the field of human resources, reaffirming best practices adopted; the prizes received are: 1st award in Gender Index 2006 (Company of Equal Opportunities), already mentioned, 8th place in Great Place To Work Poland 2013 ranking (category: enterprises with less than 500 employees), 5th place in Universum Ideal Employer Poland 2014 ranking in two categories: Medicine & Pharmacy and Sciences. The latter two recognitions will be further described in the following sections.

The specificity of Dr Irena Eris CL's culture and HRM mindset are undisputable assets of the company, contributing significantly to the competitive advantage achieved. Being rooted in tradition and being built since the company's foundation, they are impossible to imitate, rare, unique and therefore, they can be called *critical resources* of Dr Irena Eris CL.

3. Employee Value Proposition

The company's EVP has been defined explicitly recently. The current (as at December 2014) EVP in Dr Irena Eris Cosmetic Laboratories consists of the elements depicted on Graph 15.

Graph 15. Employee Value Proposition in Dr Irena Eris Cosmetic Laboratories

Source: company's data

Description of the above elements is provided in the following paragraphs. Afterwards, some suggestions on a more successful and distinguished EVP, based on company's existing but perhaps not appreciated intangible assets, are proposed.

It is necessary to underline that the EVP presented on Graph 15. is not fully communicated on company's careers website or in other communication channels. Thus, before having a direct contact with employees or HR workers, potential employees may be unaware about the characteristics of the employment experience offered and about its distinction from competitors within the industry and in general within Polish labour market. Current employees may also not know about some details of EVP. According to the report on Employer Brand Love Index, the following elements are communicated in job offers (the percentage indicates the market average of the item's presence in communicated EVP):[198]

- Good atmosphere/Teamwork (73%),
- Stability of employment (52%),
- Non-financial benefits (42%),
- Corporate brand (35%),
- Training opportunities (32%),
- Possibility to implement one's own ideas (28%).

The above elements are the most common ones communicated on the labour market by employers (the only item not revealed in Dr Irena Eris CL's advertisements and passed on by other companies is *Interesting tasks* – 36%). The conclusion stemming from this fact is that in messages addressed to would-be employees and to the present workforce, the company does not highlight what distinguishes its employee value proposition from its competitors; however, the organization equals the others and matches the common trends, not being left behind. It is suggested that Dr Irena Eris CL undervalues some of its strengths which could be shown in EVP, making it more distinguished and attractive to potential applicants (some propositions will be described in Paragraph g) of this section).

As an explicit employer branding strategy is under development process, the complete and accurate EVP shall be included in company's messages towards its internal and external stakeholders.

[198] Company's data.

a) Information

Transparent information is an undisputed motivational factor. The access to the company's strategic goals, understanding of individual and team objectives, and of their impact on strategy implementation, detailed information about individual and team performance are crucial for employees' involvement and for a strong identification with the organisation and with its goals. Employees can feel safe and have a sense of solidarity with colleagues only if the communication is transparent and clear. What is more, in case of difficult times employees better understand the decisions made on the top (e.g. lack of salary increase).

The internal communication in Dr Irena Eris CL is carried out mainly in four ways:

- Intranet and communications via e-mail;
- Management by objectives and performance management process (periodical meetings between employee and his or her supervisor: setting periodical goals and evaluation of individual performance within team's and company's performance);
- Employee Forum which forms a communication platform for employees' representatives and top management – they can discuss potential problems and proposed solutions with directors, express their opinion on the changes being implemented etc. (it is an equivalent of trade union); another purpose of this institution is to promote a bottom-up communication and to spread information regarding strategy, policies and changes among all employees (through representatives being a kind of "communication channel")
- Informal talks.

As discussed in Chapter II, culture of knowledge sharing and providing access to information foster collaboration (Pfeffer & Veiga, 1999) and help to remove status barriers (Herman & Gioia, 2001). Honest information is also considered a tool to create "the best workplace on Earth" according to Harvard Business Review. Therefore, including transparent information in company's EVP has a positive impact on employer brand (unless the term *information* may evoke a one-way communication; in fact, the organization internally promotes and supports two-way communication instead, thus the term *information* might be misunderstood).

b) Remuneration

In Dr Irena Eris Cosmetic Laboratories the remuneration structure is based on Hay's evaluation of jobs position. Employees receive a market-based salary suitable to their competences and experience. What is more, their variable remuneration is strictly connected to their performance, since they also have a possibility to get a bonus from achieving their individual and team goals (within MBO approach). The consciousness of direct impact they have on salary enhances perceived justice and causes more involvement and better results for the company.

There are two motivational systems addressed to different categories of employees: Managerial System and Motivational Bonus. They build the remuneration structure drawn up in Table 5.

Table 5. Financial remuneration structure in Dr Irena Eris CL

MANAGERIAL SYSTEM[199]

Group		Bonus for net profit	Bonus for sales	Bonus for individual goals	Bonus SUM
g4	Marketing & Sales	6%	13%	6%	25%
g3	Top management	12,5%	n/a	12,5%	25%
g2	2nd line management	9%	n/a	9%	18%
g1	Specialists & 1st line management	6%	n/a	6%	12%

MOTIVATIONAL BONUS[200]

Production workers	n/a	n/a	n/a	25%

Source: company's data

Linking individual salary with individual goals achievement and overall organizational performance has two important effects, already explained in previous chapter: it enhances psychological contract and relates positively to organizational commitment, job satisfaction and loyalty. What is more, direct impact on remuneration through respective goals (set

[199] Managerial system covers around 150 employees out of 399 as at 31.12.2014.

[200] Motivational bonus is addressed to production workers and it is given to each employee that meets the expectations regarding: employee attendance, efficiency (timely completion of production target), quality of work (lack of errors). Each parameter is correlated to a percentage of the bonus.

together with supervisor, thus more likely perceived as one's own objectives) strongly motivates employees to put more effort in their realization.

In conclusion, such remuneration structure is beneficial to both parties of employment situation. Potential and present employees' awareness and comprehension of their impact is crucial, thus it ought to be clearly communicated through EVP (and, indeed, it is included in Dr Irena Eris CL's employment proposition).

c) Work-life balance

Respect and encouragement of decision of motherhood[201], psychological support, free day on Christmas Eve or reduced working hours on some special days like New Year's Eve, pro-family events (e.g. Children's Day in the offices – bringing children by employees with them and organizing entertainment activities for the families) are some examples of how Dr Irena Eris Cosmetic Laboratories implements its work-life balance policy. The goal is to enable employees to reconcile work and private life as a ground of their satisfaction and loyalty and in fact, the company's image is strongly influenced by these pro-family policies. Dr Irena Eris is considered to be a workplace with tradition and respect for family.

Also sports teams (yoga, running team, sailing team, cycling team) are examples of how the company integrates employees' personal goals and passions with the work environment Spouses or children usually have a possibility to participate or become team members so this kind of activities not only does integrate colleagues and work-team members, but it also integrates whole families, strengthening emotional bond between employees and organization. Support for sports teams is also a sign to potential candidates and other stakeholders that the company is a place for people with passions and that it cares about their entertainment and fulfilment, not only from professional point of view. In addition, the consumer brands are also promoted since sports teams participate in numerous competitions. They represent the company and the brands, thus their exposure to the public is increased.

[201] Employees being on maternity leave can participate in internal recruitment processes. What is more, there is a possibility to establish convenient rules of cooperation during the period of absence or after return from maternity leave (flexible working hours, part-time contract, working from home).

d) Benefits

Benefits package offered by Dr Irena Eris CL to its employees is abundant. The tangible, non-financial benefits are:

- company clinic;
- external medical package with health insurance; sports discount card (Benefit Systems), financial support of post-graduate studies, language courses, trainings and other educational, as well as cultural activities;
- canteen with co-financed meals;
- 50% discount on products and discounts on services of other companies of the group (stay in SPA hotels and treatments in Cosmetic Institutes);
- personal computer;
- company car (just for some categories of workers);
- co-financing holidays for children (on the basis of family income);
- bonus for employment anniversary (5 years, 10, 15 etc);
- interest-free loans.

Intangible rewards, instead, contain primarily:

- involvement in decision-making process;
- partnership approach among owners, managers and employees;
- constructive feedback and access to complete information;
- care of employees;
- public recognition of teams in the end of every year;
- possibility to be selected to ARO development program (described in the following paragraph);
- employee forum (possibility to express opinions and negotiate various issues);
- prestige stemming from being an member of Dr Irena Eris CL (having a very appreciated and highly-valued corporate brand, especially on the Polish market).

As demonstrated above, there portfolio of benefits offered by Dr Irena Eris CL is rich and contributes significantly to the employee experience. In 2013, according to Great Place To Work survey, 81% of employees declared that the organization provides them with outstanding benefits (employees of the top fourteen employers agreed with this statement

only in 72%).[202] Therefore, extraordinary non-financial benefits distinguish the company from its competitors in employees' perception. It makes them feel gratitude towards employer (the ground for the exchange in employment relationship) and be loyal, they want to stay within the company. Also in this case, communication of complete package of benefits is crucial for talent attraction and present employees higher involvement and retention.

e) Development

Employee development policy in Dr Irena Eris CL contains the following elements: annual training plan based on employee evaluation system and on individual/team needs, co-financing post-degree studies and courses, mentoring, coaching, ARO project and Laboratorium Talentów (Talents' Laboratory) project.

The annual training plan is partially made and financed by HR department (50% of funds dedicated to group trainings) and partially shaped by respective departments (resting 50% of funds dedicated to individual training courses and to conferences). During annual evaluation of each employee's performance, respective manager examines potential training needs for the following year and reports on them to the HR department. On the basis of overall workforce training needs the plan is set up in order to improve the key competences of employees.

Furthermore, some employees can attend a co-financed post-degree studies if it can enable them to develop skills needed on their job position and add value to their work and to the organisation (respective manager's request is needed). Also language courses can be co-financed, in fact many employees attend English language course.

When needed, there is a possibility of coaching sessions for employees (mostly on managerial positions) or teams (especially in case of conflicts). Mentoring is another appreciated option offered to newcomers – especially the ones selected to Talents' Laboratory project (described below).

ARO (Akademia Rozwoju Osobistego, Personal Development Academy) is a 18-months project designed in September 2014, characterized best with its motto: *Get to know yourself,*

[202] Report on Great Place To Work 2013, company's data.

get to know your company. The assumptions of this pilot project are that Dr Irena Eris is a family-run company based on tradition with a very low turnover rate and a very high level of self-identification of employees with the organization. They are highly motivated to keep their jobs and are conservative rather than change-makers, there is a big fear of making errors. What is more, because of a flat organizational structure there are not many possibilities of promotion or job rotation. ARO is created for high-potential employees who are growth-oriented and open to change – they have a chance to develop their skills and they are the main beneficiaries of the project. However, it is supposed that a flow of a new energy and inspirations may be brought into the company to make it more flexible, innovative and open to change. People who can be selected to the project are the ones with high communication skills, open to change, with ability of influencing others, as they are supposed to widespread *change seeds* and be intrapreneurs. ARO has three stages: preparatory phase, implementation of a business project and individual personal development of each participant. The first stage aims to widen self-consciousness and awareness of creating impact on the organisation. The second phase has as a goal completing a business project that goes beyond one's department and regular job tasks. All the projects are aimed to reinforce and improve the company by people who have a fresh point of view and who could stimulate positive changes on company level. The third stage contains planning by each participant an individual development path and consolidation of changes emerging from the second stage.

What does ARO communicate to the employees? It means that they can develop themselves professionally and personally within the company and that they can have an active impact on the organisation, they have a power of change. It is significant benefit in a company where there are few opportunities of career advancement because of a flat structure. It has a value to those who want to grow inside the company and to make it grow at the same time, to those who want to go beyond carrying out their tasks by participating in change which is essential to company's sustainable development. Furthermore, it enhances individual's job satisfaction and retention.

Talents' Laboratory is a project with quite similar objectives to ARO but it is addressed to a different target group: potential candidates without labour experience, stakeholders outside the company. Since 2009 graduates can apply to take part of this 2-years program that is based on project management and aims to make the selected candidate(s) familiar with the

company's processes and to make them participate in its growth. One or two newcomers have their own projects to plan and implement with a mentor's support. After two years, if their performance satisfies or exceeds the expectations, there is a big chance that they get employed. Talent's Laboratory focuses on young, passionate and determined people with no experience – it is a signal to the labour market that Dr Irena Eris CL is open to graduates and able to train them internally.

In conclusion, opportunities of development form an essential component of Dr Irena Eris CL's employee value proposition and they include a wide range of possibilities for employees. Such approach is aligned with labour market needs and expectations regarding an attractive workplace; in addition, training and development opportunities enhance employability of individuals, such important on today's dynamic markets where no life-long job contracting can be guaranteed (although Dr Irena Eris CL seems to be rather a long-term employer; however, high-potential young workers not rarely prefer to change their workplaces in the beginning of their careers – in their case development possibility is as important as for more loyal employees, exactly because of its impact on employability).

f) Atmosphere & relations

For many people colleagues are the second family or at least some of them are friends also outside the office. The key determinants of good atmosphere in a workplace are common values and transparent communication, whose role has been already described in this thesis. The culture of information sharing has been already discussed in Paragraph a) of this section. Dr Irena Eris CL's organizational culture, being the primary factor shaping atmosphere and relations among employees, as well as employee-employer relation, is rooted in tradition and is people-oriented; it is explicitly stated in company's values where people have an essential place next to brands and tradition.

As the 2013 report of Great Place To Work[203] shows, colleagues and atmosphere are the most appreciated element of their employment experience. Graph 16. portrays employees' perceptions of company's strengths in terms of its EVP.

[203] The outcomes of Great Place To Work surveys and their interpretations are in detail described in Section 4, Paragraph a) of this thesis.

Graph 16. Strengths of Dr Irena Eris CL in employees' comments, GPTW report, 2013

Source: own elaboration on the basis of company's data

In their comments, employees expressed their opinion of what makes Dr Irena Eris CL a special workplace. The appointed elements related to organizational culture were: colleagues and atmosphere (29% of comments), owners and directors behaviours (14%), cares about employees (almost 14%) and sense of security (7%). In Chapter II. numerous best practices in creating an extraordinary organizational culture have been presented and they did include the following practices that characterize also Dr Irena Eris CL's culture:

- culture based on mutual respect and honest, two-way communication,
- fostering collaboration,
- providing employment security (most of the contracts are permanent, for an indefinite period of time),
- reducing status differences,
- support from the top and accessibility of top managers to all employees,
- celebrating special occasions (employees' employment anniversaries and birthdays, company's anniversary, some holidays like Christmas),
- encouraging entertainment outside the office (sports teams, yoga),

- environment of caring (e.g. through work-life balance initiatives, helping one another).

The above practices contribute most significantly to this EVP element (Atmosphere & relations) in Dr Irena Eris CL. Below some comments of employees, revealed in Great Place To Work surveys, are quoted to better reflect their feelings towards the organization:

> *At the company there is a friendly atmosphere, making coming to work a pleasure. I can always count on my colleagues' help. I feel comfortable here and I like my job, while the company creates good work environment.* (GPTW 2013)
>
> *There are many employees that really care about doing their best at work. It's good to work with this kind of people.* (GPTW 2013)
>
> *The atmosphere is wonderful, one wants to work!* (GPTW 2010)
>
> *I appreciate work in this company for its high-level organizational culture, for not imposing rules that could be contrary to my system of values, for the right to make mistakes.* (GPTW 2010)
>
> *It's my second home and colleagues from my department are my family. I'm proud to be a member of this family, I trust them and I can count on them even though, like in every family, there are ups and downs.* (GPTW 2010)
>
> *In my department there is a friendly and family-like atmosphere, we spend 8 hours per day together, sometimes more, we celebrate our small occasions and we remember about the big ones, we support each other in difficult times, but is common to each department? I don't know. Everyone that comes to visit us feels good here. I like coming to work even if sometimes there are difficulties. To answer the question if there is anything particular… I say PEOPLE. The greatest value of this company are PEOPLE.* (GPTW 2012)

These testimonials describe best the atmosphere and relations in Dr Irena Eris CL since employees directly create and experience it day by day. It makes the company an attractive workplace, therefore communicating this element through EVP is indispensable to make potential candidates aware of the uniqueness of organization's employer brand. Support coming from the owners and senior managers to this mindset, putting people in the heart of Dr Irena Eris CL's strategy, is the key factor of a successful workplace brand.

g) Other company's strengths – suggestions on EVP

The six elements presented above compose the employee value proposition defined by HR department. From direct observation of the author of this thesis it is suggested that Dr Irena Eris CL is characterized by several elements which are underestimated. These elements might add value to the employer brand by distinguishing the organization from its competitors or meeting the needs of more high-potential individuals. The proposed components of EVP are:

- *Equal opportunities policy*

Gender or disabled people discrimination still take place in many companies, although most of them declare they value diversity and implement the equal opportunities policy. However, in reality not always do they succeed. Dr Irena Eris CL is a company where 59% of employees and 61% managers are female – they did succeed and these data demonstrate that it is a workplace where both men and women have equal chances to be hired. What is more, there are 33 workers with disabilities employed. Furthermore, age diversity of the workforce is another form of diversity promotion within the organization.

Highlighting equal opportunities policy in employment offering could contribute to its attractiveness and to current employees' awareness.

- *Business ethics & Community*

According to 93% of employees the company is leaded in an ethical manner. Today's businesses often implement CSR activities to create an image of socially responsible company or demonstrate that they care about communities and environment. It is often suggested that such initiatives have primarily marketing scopes, thus they are seen as not fully credible.

In fact, at Dr Irena Eris CL they do not like to speak about their actions supporting communities or about the moral aspect of business. They are socially responsible because they believe that it is the only correct way of running a business, and not with a goal to use it as a tool to promote the corporate brand. Although employees often participate in voluntary activities and the way they work (including top management) is guided by honesty and ethics, the company does not communicate its CSR initiatives,. The workers experience it "back-office" and the fact that in GPTW survey (2013) 93% of them agreed that the company

adopts the business ethics principles is the most credible manifestation of Dr Irena Eris CL's social responsibility.

For many potential and current employees business ethics and support of local communities are important from the ideological point of view. That is why signalling this laudable attitude to the labour market (e.g. through employees' testimonials) might have a significant impact on company's attractiveness as employer.

- *Tradition*

Tradition is one of Dr Irena Eris CL's values (next to *People* and *Brands*). It is communicated in corporate messages and contributes to the overall company's image; however, it is not underlined in employee value proposition. It is argued that this value could distinguish the company from other employers and attract the right kind of individuals who fit the organizational culture, give meaning to and support tradition.

- *Work with a meaning*

Contributing to a meaningful mission (believing in what one does) and having a meaningful job (being given a wide responsibility and understanding the sense and input of daily work to the mission realization) are strong motivators, especially to young employees who pay more attention to the ideological issues. They also want to know how their work affects company's performance and strategies.

The fact that employees of Dr Irena Eris CL are given a wide range of responsibilities (according to 87% employees in GPTW 2013 survey, compared to 81% respondents in top 14 workplaces) means that most of them feel they do something important – thus, their jobs have a meaning. The company's mission also has a meaning: to help women feel more beautiful and to enable them to achieve their personal goals. What is more, Dermocosmetics produced by Dr Irena Eris CL help people with skin problems. Portraying this meaningfulness of mission and individual and team jobs in EVP could make them more aware about how they serve others. It could become an attractiveness factor for talents who do not want to be just "cogs in the machine".

e) EVP communication channels

The channels through which Dr Irena Eris CL communicate with the labour market and engage them in the relation employee-employer include both internal and external ones, that is, addressed to current and potential workers. According to the report on Employer Brand Love Index, HR workers use the following tools to interact with them (the percentage refers to how many employers use this tool):

- External communication channels:
    - Job portals (85%),
    - Career tab on company's website (74%),
    - Conferences (24%);
- Internal tools to inform and engage employees:
    - Corporate events (77%),
    - E-mail (72%),
    - Intranet (68%).

Several channels that are used by many companies are not adopted by Dr Irena Eris CL; these channels are mainly: social media (71%), job fairs (66%), leaflets, posters, gadgets (60%), Presentations/meetings at universities (51%); corporate newsletter (64%), information boards (49%). It is suggested that, in order to enhance employer brand awareness, more communication channels ought to be exploited – in fact, within the HRM strategy for 2015, the company wants to reach more potential employees and attract talents, thus communication tools will be developed.

In fact, an appropriate, complete and honest EVP communication is essential in employer branding activities. Only then it creates the desired brand associations and brand image, and only then the company can become an employer of choice. Furthermore, as regards present employees, they can feel prouder of being a member of the organization and be more aware of its uniqueness and distinction. In addition, newcomers understand more rapidly the organizational principles and values if they are explicitly expressed.

In conclusion, it is suggested that in order to attract more talents and strengthen employees' engagement, Dr Irena Eris CL ought to expand their tools of communication with the labour market.

4. Research findings

In order to measure the exact employer brand equity of Dr Irena Eris CL, its two dimensions are to be analysed in this section: internal and external outcomes of HRM policies' and organizational culture's impact on this workplace's image. The analysis includes the trust index survey, carried out in the company by Great Place To Work for four consecutive years (2010-2013), Universum student survey rankings and an own research on Dr Irena Eris CL's image in relation to an ideal employer among young individuals.

a) Internal employer brand: survey on employees Trust Index and satisfaction

The Trust Index Employee Survey, built and conducted by Great Place To Work (hereafter referred to as GPTW),[204] is an extensive employee survey that measures employee engagement by surveying opinions, attitudes and perceptions on the level of trust between colleagues and between management and employees. Also comments are collected from open-ended questions to provide the surveyed company with the employees' perceptions of how it is like to work there, [205] what are organization's strengths and weaknesses in terms of employment experience.

According to the organization, great workplaces are built through relationships that employees experience, not a checklist of programs and benefits. The key factor in these relationships is trust. As Great Place to Work suggests, a great workplace from the employees' perspective is one where they:

- trust the people they work for;
- are proud about what they do; and
- enjoy the colleagues.

Trust is created through management's credibility, the respect with which employees feel they are treated, and the extent to which employees expect to be treated fairly. The degree of pride and levels of authentic connection employees feel with each other are additional important elements. The dimensions of a great workplace are depicted on Graph 17.

[204] Great Place to Work is a global human resources consulting, research and training company specializing in organizational trust. The Great Place to Work Model is built on 25 years of research and data collected through the company's Trust Index Employee Survey. The organisation was founded in the USA and has its offices in 44 countries. See http://www.greatplacetowork.com/about-us/our-company.

[205] http://www.greatplacetowork.com/our-services/assess-your-organization

Graph 17. Dimensions of a Great Place To Work

Source: http://www.thegreatworkplaceonline.com/model.html

The survey is composed by 58 statements[206] to be responded and two open questions. The opinions are expressed using a five-point Likert scale; respondents have to specify the extent to which they agree with each statement. An example declaration and its interpretation for measuring Trust Index is presented on Graph 18.

Graph 18. An example statement and interpretation in Trust Index survey (GPTW)

The managers keep the promises.

Never/Almost never	Rarely	Sometimes yes, sometimes no	Often	Always/Almost always

Low trust — High trust

Source: company's data

[206] The 58 statements can be grouped in five categories regarding various dimensions, mentioned above: credibility, respect, fairness, pride, camaraderie. What is more, the results of the survey can be grouped in various departments of the company.

The index takes into account only positive replies (*Often; Always/Almost always*) for the 58 statements. Missing replies are not considered. The open questions relate to employees' opinions regarding a special aspect that makes the company a great workplace and what should be changed (*Is there anything in particular that makes this company a great place to work? Please give some examples; If you could change one thing that could make this company a better workplace, what would it be?*).

The Trust Index survey in Dr Irena Eris CL was organized four times: in 2010 (319 employees took part of the survey – 84,65%), 2011 (351 employees – 81%), 2012 (310 employees – 81%) and 2013 (327 employees – 87,2%). Its results were positive since the first survey and the Trust Index grew significantly over time. The Trust Index and the overall satisfaction rate (as replies to a direct statement: *In general, I think my company is a great place to work*) in Dr Irena Eris CL, with reference to nationwide survey and top fourteen workplaces in Poland, are presented on Graph 19. and Graph 20.

Graph 19 . Trust Index in Dr Irena Eris Cosmetic Laboratories (2010-2013)

Source: own elaboration on the basis of company's data

Graph 20. Overall satisfaction rate ("In general, I think my company is a great place to work"), 2010-2013

Source: own elaboration on the basis of company's data

It can be observed that both indicators were constantly growing; that means that employees' satisfaction and loyalty to employer brand was increasing in the considered period. In the thesis a particular emphasis is put on the last survey conveyed in 2013 since it best illustrates the recent degree of employees' satisfaction in the company.

The results of that survey found that 81% of employees consider Dr Irena Eris CL a great workplace (this score exceeds top fourteen employers in Poland and approximately doubles the nationwide survey outcome) and the Trust Index is equal to 75% . The number of participants was 327 that comprised 87,2% of invited to participate employees. The structure of the sample is presented in Table 6.

Table 6. Trust Index survey sample structure in Dr Irena Eris CL (2013)

Aspect	Groups of employees	Number of employees
Position	Non-managerial	246
	1st and 2nd line management	61
	Top management	10
Gender	Female	191
	Male	122
Age	Until 25	8

	26-34	73
	35-44	122
	45-54	78
	55 and more	24
Years of employment	Less than 2 years	25
	2-5	78
	6-10	99
	11-15	30
	16-20	64
	More than 20	14
Form of employment	Full time	319
	Part-time	2

Source: company's data

Slight differences in Trust Index and overall satisfaction can be observed in various groups of employees. These discrepancies among employees having a different job position, gender, age and years of employment are shown on Graphs 21.-24. (all of them regarding data from GPTW 2013 survey).

Graph 21. Position in the company

Graph 22. Gender

Source: company's data

Graph 23. Age

Source: company's data

Graph 24. Years of employment

Source: company's data

These findings show that employees on managerial positions are more satisfied with their work and organization than the ones carrying out the non-managerial jobs, and as their level in company's hierarchy goes up, Trust Index and satisfaction grow as well. There is no difference in male and female workers' overall satisfaction, although Trust Index is higher for men. Another important observation is that newcomers show a very high degree of trust and satisfaction; both rates decrease for employees having 2-5-years period of employment and after they grow proportionally to individual's age and years of employment.

Great Place To Work report reveals also the main strengths of Dr Irena Eris CL in relation to the best fourteen employers in Poland (according to the ranking). They are presented in Table 7.

Table 7. Strengths of Dr Irena Eris CL's employee value proposition

	Trust Index statements	Dr Irena Eris CL 2013	Top 14 Poland 2013	Gap
1.	The company provides us with outstanding benefits	81%	72%	+9%
2.	People here celebrate special occasions	80%	72%	+8%
3.	Employees have a wide range of responsibilities	87%	81%	+6%
4.	Directors lead the company in an honest and ethical manner	93%	87%	+6%
5.	I believe that the directors would decide to dismiss employees only as a last resort	79%	74%	+5%
6.	The company's matters are our common cause	84%	79%	+5%
7.	I like the way we support society	86%	82%	+4%
8.	The workplaces arrangement creates good working conditions	86%	82%	+4%
9.	The company creates working conditions that are safe for human health	92%	89%	+3%
10.	Directors manage the company competently	86%	84%	+2%

Source: company's data

Therefore, benefits, culture of celebrating special occasions, employee empowerment, business ethics, security of employment, colleagues' solidarity, support of communities and some other practices are the most appreciated by employees components of company's EVP. They distinguish Dr Irena Eris CL from other workplaces and contribute to its attractive internal employer brand. Alignment with the external message and brand associations should be developed by the organization.

The following section aims to check the consistency of the actual employment experience with external image.

b) External employer brand: focus group session & Universum Student Survey

The goal of this paragraph is to figure out the perceptions of external labour market concerning Dr Irena Eris CL in terms of its image as a workplace. For this purpose, two studies are to be analyzed: an own focus group meeting conducted and a Universum survey outcomes regarding ideal employers.

Focus group "Image of an ideal employer and Dr Irena Eris CL's employer image"

The subjects of the focus group session carried out in January 2015 were: the image of a desired employer and the image of Dr Irena Eris CL as an employer in perception of young,

business-related people (graduates/first job employees, 25-27 years old and one participant at the age of 42) on the Polish labour market. The goal was to identify the employer's image gap: unfamiliarity with Dr Irena Eris CL's employee value proposition and of its actual attractiveness as employer. The hypothesis of candidates' unawareness was assumed by the author after discussions with present workers, direct observation and past personal experience.

The first phase of the meeting concerned general characteristics of a great workplace in participants' opinion. The sample persons were divided into two groups and they were asked, applying projection techniques, to draw their ideal employer visualizing the desired characteristics and after to explain their works in detail. The findings show that an ideal employer should have the following features:

- Stability on the market of the core business and stability of work (full-time contracts and not civil contracts that do not guarantee a long-term employment),
- Gives opportunities of development and stimulates to creative thinking,
- Cares about employees and appreciates them. Adequate remuneration and benefits (some of them conferred also on family members),
- Work-life balance,
- Nice atmosphere and colleagues,
- Has a trustful relationship with employees,
- Gives a certain level of autonomy and sets transparent rules and job position tasks,
- Positive attitude (not based on continuous control) towards employees,
- Innovative employer that provides individuals and teams with a possibility to implement own ideas, and that allows for creativity,
- Metaphor of employer as a mirror – organization treats its employees just as they are: like individuals, like normal persons who have their needs and problems, not like untiring machines,
- Flexible,
- Trustworthy, providing a sense of security.

The second part of the session focused on Dr Irena Eris CL's image as an employer. The participants associated that workplace with the following characteristics:

- Innovation, work with a high quality products, professionalism,

- Diversified activity, multiple development, likely to offer many possibilities of growth,
- Tradition,
- Stability,
- Sterility,
- Strong personal brand of Irena Eris, the owner and founder,
- Family and pro-family business,
- Lack of recruitment advertisements,
- Negative perception of cosmetics industry in general (because of past experiences in another company),
- The corporate image is associated to products rather than to company's role as an employer (no or few associations with the organization as a workplace),
- Limited information about Dr Irena Eris CL from the labour market; participants did not have many associations with this workplace,
- The company is seen as a workplace for chemists, pharmacists etc. and not for business-related people; for women rather than for men,
- Company producing just for the national market,
- The name of the company might be misleading (a *laboratory*).

During the following part of the meeting, HR policies and practices, EVP and the results of Great Place To Work surveys (2010-2013) were presented to the group. After that they were asked the question: if and how the employer brand presented (and reaffirmed by employees in GPTW surveys) was related with an ideal workplace. The sample persons confirmed that Dr Irena Eris CL's employer brand is largely consistent with their desired employment experience. Most of the participants admitted that they had not been aware about company's EVP and had not had brand associations leading to the image demonstrated in the third part of the meeting.

The conclusion is that there is a communication gap regarding organization's employer brand and a significant inconsistency between internal and external image of the company on the business-related labour market. Despite offering an attractive employment proposition, Dr Irena Eris CL does not evoke strong employer brand associations. It is suggested that this

problem is an implication of insufficient communication of company's EVP to the potential employees.

Universum Student Survey – Universum Top100 Poland 2014

Every year the Universum Student Survey Poland reveals the best (in students' opinion) employers in the country in various categories (Business, IT, Engineering, Humanities, Medicine & Pharmacy, Sciences, Law).[207] The study conducted in 2014 included 23 599 students from 71 universities, with an average age of 22,4 years.

Dr Irena Eris CL was placed on 5th position in two categories of the Universum Student Survey Poland 2014: Medicine & Pharmacy Top 50 and Sciences Top 50. The partial outcomes of the insight are presented in Table 8.

Table 8. Ideal employers ranking by Universum: Medicine & Pharmacy Top 50 and Sciences Top 50

	Medicine & Pharmacy Top 50 Poland	**Sciences Top 50 Poland**
1.	Medical Center ENEL-MED	1. Bayer
2.	Centrum Medycyny Sportowej	2. Polpharma
3.	Medicover	3. Nestle Poland
4.	Lux Med Group	4. L'Oreal Poland
5.	**Dr Irena Eris**	**5. Dr Irena Eris**
6.	Bayer	6. Google Poland
7.	Polpharma	7. Danone
8.	Swissmed Medical Center	8. Nivea Poland
9.	EMC Medical Institute	9. IMGW
10.	Carolina Medical Center	10. PGE

Source: Universum Student Survey Poland 2014

A high position of Dr Irena Eris in two categories of the survey is a confirmation of the company's positive image among these target groups. Students, being future specialists and

[207] Universum is an international corporation specializing in employer branding that provides Ideal Employer research and consulting services to more than 1 200 clients globally. Universum conducts a career survey targeting students and professionals around the world. Students select the companies they would like to work for and then they choose their (maximum) five ideal employers. The rankings are created in the basis of the number of "votes" for a company as an ideal employer. The Ideal Employer ranking is developed in more than 40 countries and involves around 700 000 students every year. See http://universumglobal.com/about/.

potential candidates, consider the organization a great workplace; the one which they would like to work for. However, the company is considered attractive just in the two categories that are connected primarily to research & development activities, and is not a desirable workplace among students with a business background (category Business Top 100) which are also a crucial target group for the company, since managers and office workers form a major part of the staff. HR employees realized this and in 2015 they aim to attract more talents to the company, not just from pharmaceutical/medical/chemistry/biotechnological areas but also competent and outstanding candidates with economic/managerial/social/etc. background for leadership positions, sales, marketing, finance, HR and other departments.

Also the focus group study, conducted for the purposes of this thesis and described in the previous paragraph, confirmed an existing unawareness regarding Dr Irena Eris CL's employee value proposition.

c) Implications for employer brand

The above considerations lead to the conclusion that Dr Irena Eris CL has an attractive employer brand and EVP highly appreciated by employees. However, not all target candidates are aware about the employer's uniqueness and distinction. Therefore, internally the employer brand is successful, but externally it is not fully appreciated. Moroko & Uncles (2008) defined this phenomena as "communication breakdown" – it has been already described in this thesis (Chapter II, Section 2, Paragraph a)) and it can be in part applied to Dr Irena Eris CL (in part, because the organization reaches some categories of desired employees). Company has all the attributes of an attractive workplace, but it is suggested that some of its target candidates are not attracted because of lacking knowledge of its employer brand.

The company's HR strategy for 2015 has as a goal becoming an employer of choice for all target groups of employees, in order to strengthen the organization by attracting and keeping more talents and to increase sustained competitive advantage achieved through people. The key role in this process shall be given to external communication of EVP in order to cover the communication gap observed.

5. Impact on company's performance

The company's HRM strategy and policies, employer brand and organizational culture contribute significantly to the success achieved. Despite insufficient communication of the workplace brand to external stakeholders, it does exist and is attractive, and influence both individuals' satisfaction and performance, and the company's overall outcomes. They are to be presented in this section. The main focus is put on sales growth rate, employees turnover and retention.

Over last ten years, Dr Irena Eris CL's sales increased almost four times – annual growth rates of company's sales and of GDP Poland and the cumulative increase of both indicators in the period 1996-2014 and are shown on Graph 25. and Graph 26. [208]

Graph 25. GDP growth rate and sales growth rate in Dr Irena Eris Cosmetic Laboratories (annual rates, 1996-2014)

Source: own elaboration on the basis of company's data and http://countryeconomy.com/gdp/poland

[208] *Until 2010 the performance contains Dr Irena Eris Cosmetic Laboratories' and Skin Care Institutes' sales. After 2010 Skin Care Institutes are separate entities.
**In 2012 the legal form of Dr Irena Eris CL was changed (from S.A – a stock company, to Sp. z o.o. – a limited liability company).
***Data from 2014 is a business review from September 2014.
Net Sales = Sales - Commercial costs
Cumulative rates are calculated in relation to GDP and sales in 1995.

Graph 26. Cumulative growth rates for GDP Poland and Dr Irena Eris CL sales (1995-2014)

Source: own elaboration on the basis of company's data and http://countryeconomy.com/gdp/poland

As Graph 25. presents, during the last ten years only two times company's sales decreased (in 2001 and 2011). Furthermore, the sales growth rate in most cases was much higher than GDP increase rate. The cumulative sales growth rate show, in addition, that in the period considered (1995-2014) Dr Irena Eris CL increased the level of sales by four times (279,4 percentage points grow in relation to sales in 1995). At the same time, Polish GDP approximately doubled. Thus, development of company's affairs has been two times faster than national economic growth.

Turnover rate

In Dr Irena Eris CL the employee turnover is very low – in 2014 this rate was below 6%. This number is a rare exception to the global trend of reduction of the length of the period of employment. The findings of Randstad Poland's research *Labour Market Monitor* in 2014 show that the average turnover rate in European Union member states in 2013 was 18%. In Poland this index was the highest in Europe and reached the level of 25%. Turnover rates in Poland and other European countries are shown on Graph 27.

Graph 27. Turnover rate in European countries (2014)

Source: Labour Market Monitor, 18th ed., Randstad Poland, 2014

In Poland this ratio had been rather constant until 2014 – in December 2010 turnover rate was equal to 17%, in 2011 – 19%, in 2012 – 17% and in 2013 – 17%. In 2014 it increased significantly to 25%. In Dr Irena Eris, instead, turnover rate has been decreasing over time and in 2014 was equal to 5,8%. The data on turnover regarding the company and the country in the period 2010-2014 are depicted on Graph 28.

Graph 28. Turnover rate in Dr Irena Eris CL in relation to national turnover (2010-2014)

Source: own elaboration on the basis of company's data and Labour Market Monitor,18th ed., Randstad Poland 2014

Turnover rate at Dr Irena Eris CL is very low if benchmarked to the national indicator, especially in 2014. It is related to employer brand loyalty, stemming from employees' satisfaction, commitment and emotional attachment to the company. The structure of rotation is depicted in Table 9.[209]

Table 9. Employee turnover rate in Dr Irena Eris CL (2010-2014)

	2010	2011	2012	2013	2014
Turnover rate	15,5%	9,3%	5,7%	6,1%	5,8%
Wanted	10,9%	4,4%	2,3%	3,05%	2,5%
Unwanted	4,6%	4,5%	3,4%	3,05%	3,3%

Source: company's data

The undesirable turnover, caused by employees' decision or death, represents only 3-4,5% of overall turnover rate. This fact provides a clear evidence that employees are satisfied with their jobs and organization and they want to stay within the company. The next paragraph provides some complementary data regarding retention of employees.

Retention

Employee retention rate, inversely proportionate to turnover, is high in Dr Irena Eris CL; the average work experience is over 9,5 years. As it has been discussed in Chapter II, today's businesses are facing a trend of reducing an average period of employment in one company. Employees from Y generation are generally not loyal to the organization they work for, they want to enhance their self-esteem by changing company often and facing new challenges. The consequence of this trend is reduced retention rate in developed countries. However, keeping visionary managers, knowledge workers and other employees with high potential is crucial to a long-term success of a company.

In Dr Irena Eris CL the average seniority of employees is around nine years and a half, while years of employment on the present job position on average slightly exceed seven years. Detailed data (as at December 2014) is presented in Table 10.

[209] Wanted turnover refers to dismissals and expiries of temporary contracts, while unwanted turnover refers to employee's voluntary terminations, retirements, death.

Table 10. Employee retention in Dr Irena Eris CL [years]

Category of employees	Average seniority	Average seniority on the job position
Directors	11	8
Managers	12	10
Office & Administration workers	9	6
Sales & Marketing workers	5	4
Production workers	11	8
SUM	**9,6**	**7,2**

Source: company's data

Retention rate (as well as turnover) is strongly related to HRM strategy and practices. Perceived organizational support theory, explained already in Chapter II, Section 1, confirms that the extent to which employees feel taken care about, appreciated and fairly rewarded (extrinsically and intrinsically) determines their commitment to the organization, loyalty and, in consequence, retention. Furthermore, the organizational culture and the person-organization fit lower voluntary turnover and increase retention rate. Perceived beneficial treatment and support provided by employer and supervisor to an employee, as well as values match, enhance individual's satisfaction. In addition, numerous studies confirm the positive correlation of employee satisfaction with retention. In conclusion, high retention and low turnover rate in Dr Irena Eris CL are considered to have roots in company's successful HRM strategy, policies and practices, as well as in an attractive EVP and, in general, strong employer brand.

Not only do low turnover and high employees retention contribute to labour cost reduction, better continuity of business strategy implementation and to above-average performance; a positive image of the company as a workplace has also a significant impact on overall corporate reputation. Dr Irena Eris CL's reputation is excellent among various stakeholders: communities, business press, consumers and employees. The prestige stemming from such good opinion influences itself the level of sales, clients' loyalty (regarding both internal and external dimension; corporate, product and employer brand), relations with press and business environment and employees' pride of being members of this organization. Not to mention the fact that such image ensures a wider public exposure of the company and

access to numerous communication channels; in consequence, marketing costs get reduced and the credibility of business press articles increase (as they are not sponsored by the company). The corporate image's reliability is improved as well.

Dr Irena Eris CL's intuitive approach to managing people and shaping organizational culture based on high standards resulted in an appealing employer brand, appreciated by its employees and other stakeholders. Its authenticity and, stemming from it, staff loyalty significantly contribute to implementation of strategies and achievement of company's long-term business goals. Furthermore, these policies contribute to communities; the organization is socially responsible not only via volunteering actions or taking care of environment, but also through respecting and treating well its employees and the community they make part of. Finding competitive advantage in people is one of the few sustainable sources of success; it is a critical success factor for a company – and for *the* described company, Dr Irena Eris Cosmetic Laboratories, as it has been demonstrated in this case study.

Summary

This thesis aimed to review the literature on employer branding strategy and its background, and to demonstrate its utility in building a sustainable competitive advantage and achieving success. Supported by an analysis of a case study, it attempted to show practical implications of this human resources management strategy for organizational culture, performance and reputation of a company.

The conclusions stemming from the study confirm that employer branding strategy, focusing on humans and organizational culture as critical resources, contributes significantly to company's success. Creation of an innovative work environment, based on reciprocal trust, transparent communication, collaboration and respect, can increase employees' and organizational performance by reducing turnover, enhancing employee engagement and loyalty and making the company become a great workplace and an employer of choice. The considerations undertaken in this thesis showed that a successful employer branding strategy aims attention at an attractive and accurate employer brand, including employee value proposition (the promise given to an employee or employment offering), brand associations, brand image and brand loyalty. This workplace brand ought to be aligned with the business strategy and integrated internally, in order to be authentic to external stakeholders. The main outcomes resulting from a well-implemented employer branding strategy are: attraction, engagement and retention of high-performance employees, lowered turnover rate, reduced recruitment costs, improved reputation on both consumer and labour market, enhanced innovation of the workforce and knowledge sharing, and others. An above-average performance and a significant contribution to the company's success are the final consequences of this strategy.

Apart from the economic and financial benefits, applying the employer branding policies contains also an ethical issue – that is, caring about employees' well-being and trusting them is the right thing to do from the moral point of view. People shall be given respect and the high standards (in terms of values driving managers' and other workers' behaviours) set within an organization are crucial from the ethical perspective.

The case study concerned the image of Dr Irena Eris Cosmetic Laboratories on the labour market and included an analysis of the company's employer brand (internal and external) and organizational culture. The employee value proposition offered by this employer is composed

of six elements: Information, Development, Atmosphere & relations, Work/life balance, Remuneration and Benefits. As Great Place To Work surveys on Trust Index show, it is considered to be very attractive and appreciated by current staff (81% of employees view their company as a great place to work). However, external stakeholders are not fully aware of the employment proposition offered by Dr Irena Eris CL. Although the workplace is believed to be attractive among young people related to biotechnology/chemistry/pharmacy fields (as confirmed by Universum studies), it is not known among potential business-related candidates with economic/managerial/social background. The focus group session conducted for the purposes of this thesis confirmed a low degree of employer brand awareness. It is suggested that the reason behind this phenomenon can be associated to the communication gap between internal and external image of the company as a workplace.

Despite the insufficient communication of the organization's employer brand, the study suggests that Dr Irena Eris CL has a great potential to attract more above-average performers in all business areas. The present workforce's engagement and retention, as well as the company's overall performance and growth, confirm the strength and attractiveness of its EVP and HRM policies. Thus, a better alignment of internal and external employer brand is recommended in order to entirely profit from this important asset, being the key success factor for the company.

In conclusion, the present thesis did attempt to demonstrate the positive impact of a certain mindset in strategic management of people within organizations – a mindset based on trust, reciprocity, respect and honesty, as well as on the concept of employee as an internal client. This attitude, embraced by employer branding strategy, is considered to enable employees to work better, fully exploit their potential and be more satisfied with their jobs. The case study of Dr Irena Eris CL illustrated the accuracy of the above statement.

At this point, I would like to thank the company's Human Resources Team for their support, knowledge sharing and warm welcome. The undertaken traineeship was a great experience that will indubitably have a significant impact on my future professional choices.

Moreover, I would like to thank the supervisor of my thesis, Prof. Antonio Corvino, for the guidance and a highly appreciated autonomy given while working on this study.

Annex 1. Cafeteria of Employee Value Proposition elements

To match candidates' expectations with work realities:

1. Conduct realistic job previews with every job candidate.
2. Hire from pool of temp, adjunct staff, interns, and part-time workers.
3. Hire candidates referred by current employees.
4. Create a realistic job description with a short list of most critical competencies.
5. Allow team members to interview candidates.
6. Hire from pool of current employees.
7. Create a way for candidates to "sample" the work experience.
8. Survey or interview new hires to find out how to minimize new hire surprises in the future.

To match the person to the job:

9. Make a strong commitment to the continuous upgrading of talent.
10. See that all hiring managers perform talent forecasting and success-factor analysis.
11. Cast a wide recruiting net to expand the universe of best-fit candidates.
12. Follow a purposeful and rigorous interview process.
13. Track measures of hiring success.

To match the task to the person:

14. Conduct "entrance interviews" with all new hires.
15. Work to enrich the jobs of all employees.
16. Delegate tasks to challenge employees and enrich jobs.

To provide coaching and feedback:

17. Provide intensive feedback and coaching to new hires.
18. Create a culture of continuous feedback and coaching.
19. Train managers in performance coaching.
20. Make performance management process less controlling and more of a partnership.
21. Terminate nonperformers when best efforts to coach or reassign don't pay off.
22. Hold managers accountable for coaching and giving feedback.

To provide career advancement and growth opportunities:

23. Provide self-assessment tools and career selfmanagement training for all employees.
24. Offer career coaching tools and training for all managers.
25. Provide readily accessible information on career paths and competency requirements.
26. Create alternatives to traditional career ladders.
27. Keep employees informed about the company's strategy, direction, and talent need forecasts.
28. Build and maintain a fair and efficient internal job-posting process.
29. Show clear preference for hiring from within.
30. Eliminate HR policies and management practices that block internal movement.
31. Create a strong mentoring culture.
32. Keep career development and performance appraisal processes separate.
33. Build an effective talent review and succession management process.
34. Maintain a strong commitment to employee training.

To make employees feel valued and recognized:

35. Offer competitive base pay linked to value creation.
36. Reward results with variable pay aligned with business goals.
37. Reward employees at a high enough level to motivate higher performance.
38. Use cash payouts for on-the-spot recognition.
39. Involve employees and encourage two-way communication when designing new pay systems.
40. Monitor the pay system to ensure fairness, efficiency, consistency, and accuracy.
41. Create a culture of informal recognition founded on sincere appreciation.
42. Make new hires feel welcome and important.
43. Ask for employee input, then listen, and respond.
44. Keep employees in the loop.
45. Provide the right tools and resources.
46. Keep the physical environment fit to work in.

To reduce stress from work-life imbalance and overwork:

47. Initiate a culture of "giving-before-getting."
48. Tailor the "culture of giving" to the needs of key talent.
49. Build a culture that values spontaneous acts of caring.
50. Build social connectedness and cohesion among employees.
51. Encourage fun in the workplace.

To inspire trust and confidence in senior leaders:

52. Inspire confidence in a clear vision, a workable plan, and the competence to achieve it.
53. Back up words with actions.
54. Place your trust and confidence in your workforce.

Source: Branham L. (2005), p. 59.

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