

# ТЕОРІЯ І ПРАКТИКА ЕКОНОМІКИ ТА УПРАВЛІННЯ ПРОМИСЛОВИМИ ПІДПРИЄМСТВАМИ

## THEORY AND PRACTICAL ASPECTS OF ECONOMICS AND INDUSTRIAL ENTERPRISES MANAGEMENT

UDC 331.108

### EFFICIENCY OF HR-BRANDING SYSTEM IN THE MANAGEMENT OF ENTERPRISE PERSONNEL

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*Чернишова Л.І., Борисенко А.С. Эффективность использования системы HR-брендинга в управленні кадрами підприємства.*

Стаття присвячена визначенню місця HR-брендингу в системі кадрового управління, проаналізовано різні підходи до виділеного поняття та наведено його авторське трактування, досліджено фактори, що впливають на HR-бренд на кожному з етапів роботи з кадрами. Обґрунтовано необхідність системного підходу до управління брендом роботодавця, що передбачає реалізацію покрокових стратегічних дій. Представлені рекомендації для поліпшення роботи з HR-брендом. Варто відстежувати, скільки кандидатів приходить за рекомендацією співробітників, стежити за мікрокліматом всередині колективу, в тому числі між новими кадрами, підвищувати ефективність діяльності відділу кадрів.

*Ключові слова:* HR-бренд, HR-брендинг, управління кадрами, кадровий менеджмент, бренд роботодавця, критерії ефективності, системне управління HR-брендингом

*Чернышева Л.И., Борисенко А.С. Эффективность использования системы HR-брендига в управлении кадрами предприятия.*

Статья посвящена определению места HR-брендига в системе кадрового управления, проанализированы различные подходы к выделенному понятию и приведены его авторская трактовка, исследованы факторы, влияющие на HR-бренд на каждом этапе работы с кадрами. Обоснована необходимость системного подхода к управлению брендом работодателя, предусматривающего реализацию пошаговых стратегических действий. Представлены рекомендации по улучшению работы с HR-брендом. Стоит отслеживать, сколько кандидатов приходит по рекомендации сотрудников, следить за микроклиматом внутри коллектива, в том числе между новыми кадрами, повышать эффективность деятельности отдела кадров.

*Ключевые слова:* HR-бренд, HR-брендинг, управление кадрами, кадровый менеджмент, бренд работодателя, критерии эффективности, системное управление HR-брендингом

*Chernyshova L.I., Borisenko A.S. Efficiency of HR-branding system in the management of enterprise personnel.*

The article is devoted to the definition of HR-branding place in the personnel management system, various approaches to allocated concepts are analysed and given its author's interpretation, factors, influencing a HR brand at each stage of work with personnel are researched. Justified the need for a systematic approach to managing the employer brand, providing for the implementation of turn-based strategic action. Particular attention was paid to assessing the effectiveness of HR-branding. It is necessary to keep track of how many candidates came on the recommendation of staff, to monitor the microclimate within the team, including among new staff, increase the efficiency of the human resources department.

*Keywords:* HR-brand HR-branding, human resources management, personnel management, employer brand, performance criteria, system management of HR-branding

The dynamic transformations, accompanying functioning of local enterprises cause the necessity of permanent search of enhancement ways of their activities. The key role in this area is occupied by a personnel component as in modern conditions for effective business development is necessary the worker of special type, which is oriented to increase in achievements in labour process, enterprising and initiative, creative, which is responsible for the future of common cause, expecting own forces. Such worker aims at increase in the qualification, he is capable to purposeful innovative activities, the capacity of the enterprise depends on him. Therefore today in the labour market became aggravated the problem of search and deduction of high-qualification, talented, competent and active employees. The competition between employers sometimes huge that stipulate need of finding and use of the latest personnel technologies. One of such is the HR-branding, reflecting positive HR-image of the company in the opinion of her employees and potential job seekers.

#### Analysis of recent researches and publication

HR branding in area of practical personnel management appeared rather recently and already became subject of researches of foreign and local scientists. Among them there is S. Berrou [1, 2], T. Emblar [2], R. Mosley [2], D. Kay [3], B. Minchington [5], D. Sullivan [8], D.G. Kucherov [4], N.A. Osovitskaya [7], A.S. Paseka [4], V.A. Krasnomovets [4], etc.

As the concept "HR brand" is the latest direction in the sphere of personnel management, there is no single approach to its interpretation yet. The term "Employer Brand" was for the first time provided to

managerial community in 1990 by Simon Barrow, the president of People in Business, and was determined by him together with Tim Ambler, the senior research associate of the London business school, in article in Journal Of Brand Management which was published in December, 1996. They determine Employer Brand as set of the functional, psychological and economic benefits provided by the employer and identified with him [1]. Richard Mosley considers that creation of complete basis which is extremely necessary for management of the company for allocation of priorities and concentration on them, and also increases in productivity, simplification of search, employee retention is a leading role of a brand of employer [2].

The British economist John Key officially declared, that the reputation of a brand has a great strategic importance. In his opinion, promotion of the company as good employer is important means of maintenance of organization image and involvement of the most talented and perspective employees [3].

Local authors more consider questions of application feasibility of HR-branding, experience of use by separate companies, its entities and the place in personnel management. As show publications, project implementation in the sphere Employer Branding is at the moment performed in rather small number of the companies (generally international), each of which tries to involve to herself employees of the corresponding profile [1].

#### **Unsolved aspects of the problem**

However consideration of this subject, concerning strategy taking into account allocation of the separate criteria increasing efficiency of HR-branding use is an indisputable opportunity to unite marketing approaches and the managerial sphere in the direction of increase in personnel and intellectual potential of the enterprise. And skillful personnel policy in this area is modern tool which will lead to increase in profitability of business due to attraction to cooperation of highly professional specialists and investment into human resources.

*The aim of the article* is the research of concept HR branding, possibility of its system representation, and also allocation of criteria which allow to estimate efficiency of its use in personnel administration.

#### **The main part**

The expert, purposeful, systematically circumspect personnel work is a benefit of any employer respecting himself, his aspiration to improvement of image and strengthening of enterprise line items in the market. Achievement of it is possible due to search and involvement of the best workers through skillful positioning of himself as the good employer, allowing to create feeling of participation in the organization, corporate purposes and values at the employee.

Certain specialists consider that the brand of the employer consists of company attitude towards the employees and emotions which are experienced at the same time by workers. In this instance in the process of HR brand creation the attention is concentrated on forming of certain emotional image of the organization among employees and society. It is reached

thanks to support of corporate culture, forming of certain age structure of personnel and the corresponding corporate behaviour, regulations and values.

So Kucherov D.G. [4] determines three key concepts of branding-employer in the labour market:

- Employer Value Proposition, which is determined by a set of the communication messages broadcast by the company on the external and internal labour markets that confirm its appeal as the employer;
- Employer Brand Personality which is under construction on deep understanding of company culture and includes style, manner and associations which are used for informing target audience on company benefits as the employer;
- Employer Brand Positioning, representing technology of correctly chosen proposal of the chosen target audience with positioning of the most attractive benefits and messages of a brand of the employer.

Minchington B. determines a brand of the employer as organization image, as an excellent place of employment from the point of view of workers and other interested persons (active and passive job-seeker, clients, visitors) [5]. That is in this determination, the circle of target groups, to which efforts of the organization are directed, is widened, as of the employer and, actually, HR-brand becomes an inherent part of a general brand which allows to attract and hold workers and clients. Practical implementation of this approach allows considering "HR-brand" as employer tradename.

In our opinion it is the most closer to the sphere of personnel management determination of enterprise HR brand as sets of components of enterprise brand-employer, and also brand of its personnel which provide mutual agreement and goal achievements of the organization and obvious and his potential workers. It is not only cooperation of professional skills, but also cooperation of professional images. In this case a basis of a HR brand is how former, today's and future employees perceive the place of employment and create the communication environment around the enterprise.

The main benefit of HR branding is the liability of the organization to support to employees and potential workers the level of working conditions, to improve them, to promote development and personnel training, to provide social guarantees. Together with the developed HR brand the company advertises not only the services or products, but also local policy of the enterprise to involve highly qualified specialists.

It is possible to distinguish from shortcomings that many enterprises only promise to create attractive image, to hold for this purpose necessary events, but no actions in the areas of promises are made and by that lose the brand on behalf of a personnel.

Therefore, creating a HR brand it is necessary to consider a number of factors which can affect desire of the potential employee to receive or change a place of employment. It can be factors of economic, social and psychological and other nature. Exactly thanks to a high-quality HR brand the special environment in the organization can be created, system of employee

involvement into the production processes influencing desire of the employee to work at this enterprise and to advance opinion on it in the labour market, to create effective communication channels and brand recognition.

It can be such factors as organization reputation, corporate culture, personnel recruitment technique, justice of compensations, a work-life balance, style of leadership and management, management policy of productivity, development of workers, etc. (tab. 1).

Table 1. The factors influencing a HR brand on each of stages of work with a personnel

Stages of work with a personnel	The factors influencing a HR brand
Search of the candidate	Company reputation of the as employer (secondary sources of information)
Candidate's assessment	Affability, professionalism of the employer (personal impressions of the candidate)
Employment	Corporate culture
Adaptation	Corporate culture
Employee development	Company values, motivation of the worker
Dismissal	Influence of the dismissed employee on company reputation

Source: Compiled by the author according to the material [6]

In spite of the fact that the concept "employer brand" only begins to extend among local employers, emergence of new tendencies in this sphere is observed every year. It is possible to distinguish from such tendencies: aspiration to creation of unique internal corporate culture, more attentive studying of employees needs, and understanding that goods or services not in themselves, namely employees who promotes them are the most effective carriers of brand values.

Creation of a strong corporate culture provides the organization of workers' life so that work brought joy that in the company there was a special atmosphere where professional skills could develop, and the relations between employees were open and confidential. In such environment of the company workers, as a rule, work more effectively. Thus, the corporate culture is one of the most important factors of HR branding. It plays a key role in forming of employer brand while it shall consider nuances which will distinguish the enterprise from others. By means of HR branding it is possible to make certain changes

to a corporate culture and to create to itself a unique image.

The reputation of the entity is created under the influence of comment of customer, partners, suppliers and, the main thing, company employees (both present, and dismissed) as in available media space (Internet), and from mouth to mouth. A reputation of the large companies is maintained also by PR-specialists.

An opportunity to create positive image of the enterprise in the market due to brand management of the employer will allow providing a strategic development and is one of competitive advantages of the enterprise in the market.

In our opinion, HR-branding implies system approach to its management as it is created as set of interdependent elements (personnel, structure, personnel technologies, managerial tasks) which, in turn, are oriented to achievement of effective objectives, receipt of a certain result and are subject to influence of external and internal environment (fig. 1).

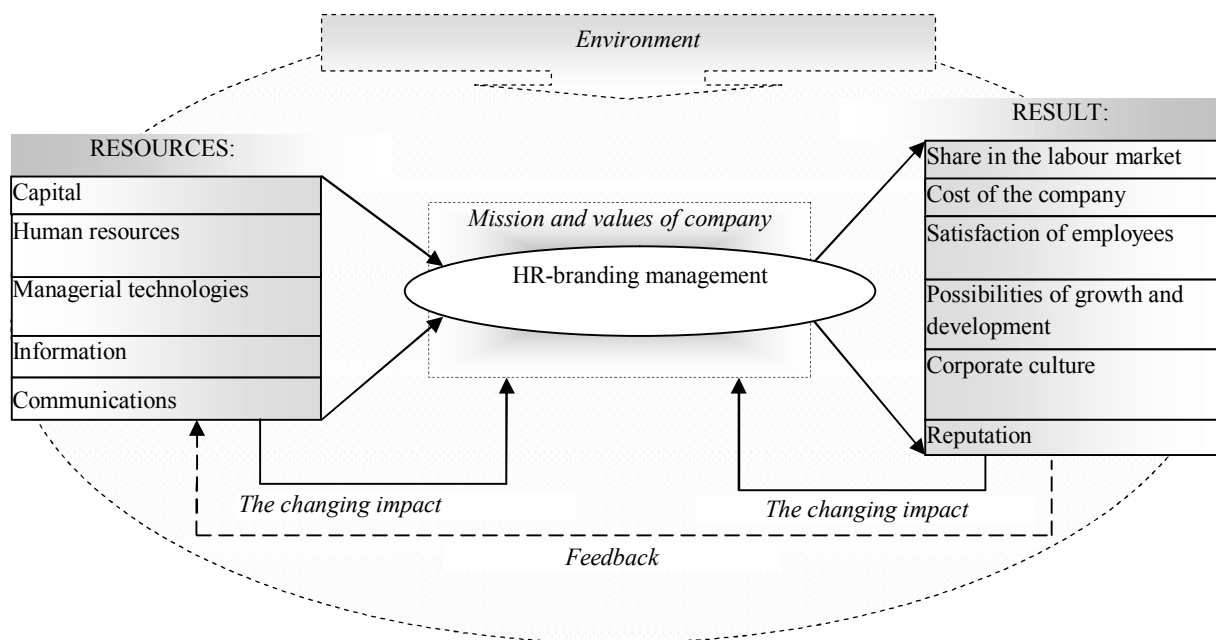


Fig. 1. System approach to management of HR branding

Source: Own elaboration

System work with a HR brand shall provide not only a set of projects on improvement of employer image, but also implementation of step-by-step strategic actions. Allocate five key stages of HR brand creation [7]:

1) determination of the purposes taking into account HR-strategy. Target audiences allocation. Working group forming, determination of the budget and resources;

2) perception research of company HR brand by target audiences or audit of a HR brand. External and internal researches;

3) development of concept. Formation of value propositions to the employee. Formation of the creative concept. Testing of offers for different audiences;

4) strategy determination of promotion. Choice of key channels. Communication campaign and special events in company and the labour market;

5) efficiency evaluation.

The correct goal setting and strategy implementation of brand management of the employer can show the following results:

- competitive advantages, possibilities of growth and organization development;
- increase in level of employee involvement, satisfaction their conditions of a labour activity;
- a bigger variety of a labour power, increase in share in the labour market;
- expansion of support for the company and a brand;
- increase in shareholder value of the organization;
- maintenance of reputation in the corporate world.

Investments in personnel and HR branding are the most perspective. It has to be the complex long work requiring serious investments besides these are investments into development. Return from them will not be in one day as the HR brand is not goods which can be purchased directly. For the investment account in personnel are possible, first, to increase in professionalism of a personnel, their competitiveness, to decrease in fluctuation of personnel, and secondly – expansion of circle of offers from the best candidates in the labour market, thirdly – increase in assessment of current enterprise value.

Employees shall have clear idea about that work in the company will give them, sense of their labour activity, to feel the value which they will bring in organization and to work on interesting tasks. If the employer isn't capable to satisfy all wishes of the worker, then he will be forced to look for other place of employment.

Thus, creating an attractive brand of the company in the labour market, HR managers shall provide involvement of new employees and retention of those who already work in the organization. Thanks to it the enterprise can steadily develop, solve the business tasks specified from a management. And important aspect – to save the funds allocated in the salary fund and for long advertising of enterprise vacancies in media.

For improvement of work with a brand of the employer it is possible to recommend the following:

- advertisement positioning about the company in media space;
- development and deployment of adaptation program of new employees;
- regular employee surveys;
- implementation of the program of mentorship;
- forming of the development program of leadership;
- determination of value proposition to employees;
- carrying out the regular competitive analysis.

Important issue is the HR branding efficiency evaluation. It is worth tracking how many candidates come according to recommendations of employees, to watch a microclimate in collective, including the relations between new employees, to increase activities efficiency of personnel department. This department shall function as the serving department, and also to bear in itself that potential of brand creation, to accumulate information and to create complex programs on interaction of all employees. It should be noted that efficiency of HR branding in many respects depends on audience scope width: not only potential applicants, but also business partners, prospective clients who also divide its ideology shall be acquainted with values of the company. High-quality image of the employer is the main driving force of HR processes. Moreover, the positive and managed image of the employer, in our opinion is a basis of personnel administration.

In addition, the efficiency evaluation of HR branding management will allow a management of the enterprise to reveal how rational is management of organizational system and a component of personnel structure according to the level of achievement of strategic objectives. Such assessment will give the chance to identify the facts and spheres of problems emergence based on which further there will be an opportunity to develop a certain managerial influencing measures for change and innovative development of personnel organization activity.

Sullivan J. offers 10 metrics of an efficiency evaluation of employer brand:

- 1) attraction of large number of professionals ;
- 2) a gain of productivity in the company in general;
- 3) increase of income in result of hiring of specialists at the line items generating the income;
- 4) growth of an indicator according to recommendations leads to performance improvement;
- 5) growth of an indicator on employee retention;
- 6) decrease in percent of refusals among new employees;
- 7) indicator of inflow of candidates from the top companies;
- 8) increase in number of victories in recruiting wars;
- 9) a positive indicator on transitions of employees from competitors to you;
- 10) ROI programs of employer brand [8].

Certainly, creation and maintenance of enterprise HR brand will affect results of its activities surely. Today the leading performance indicators of a HR

brand are decrease in percent of personnel turnover and increase in number of the job seekers wishing to work in the company. However, in our opinion, this circle can be wider. Therefore it is offered to

consideration three efficiency components – economical, organizational and social-psychological efficiency. Within each of them efficiency criteria were marked out (tab. 2).

Table 2. The criteria reflecting use efficiency of HR branding in personnel administration

The constituting efficiency blocks	Criteria of efficiency	Recommended dynamics of indicator
Economic block (an economic benefit for the enterprise)	Cost of recruitment process	decrease
	Percent of a highly professional personnel	increase
	Costs for adaptation and training	decrease
	Training costs as percent from personnel costs	decrease
	Quality level of products and services	increase
	Level of cost of the enterprise	increase
	Costs for corporate actions	presence
	Labour productivity level	increase
Organizational block (enhancement of production organization)	Staff turnover percent in general on the enterprise	decrease
	Staff turnover percent within each division	decrease
	Personnel recruitment terms	decrease
	The number of potential job seekers on open vacancies	increase
	The need for a highly skilled labour power by professions, specialties, positions	increase
Social-psychological block (social and psychological benefit for workers)	Satisfaction index of employees with working conditions	increase
	Dynamics of a real wage	increase
	Employment security for a long time	presence
	Stability index of a labor power	increase

Source: Own elaboration

To develop an effective HR brand which will really involve the best experts and also to form effective team on management of a brand of the employer, it is necessary the following:

- to gather a strong cross-functional team in which shall enter: marketing specialists, HR specialists, middle managers, specialists in internal communications;
- to interest all workgroup members in development of an effective employer brand. At the same time all key participants of group who are directly involved in this process, but not just take part in approval of results, are connected to work;
- to provide necessary training of workgroup members that they saw a complete picture and understood strategic objectives of the project.

### Conclusions

In fine, it should be noted that successful HR branding is a complex of actions promoting creation of the interested partnership of owners, managers and hired personnel. The employer is obliged to be attractive and cares about image. The good reputation of the company as employer will help to solve a number of economic, organizational and social problems. Today effective personnel management plays an essential role in profitability and prosperity of the enterprise therefore HR branding shall become that tool which will increase recognition of our company in a business community and in the labour market.

### Abstract

There is still no single approach to understanding what is HR-branding and HR-brand, is missing only glance at the essence of the subject, because of the newness of some trends in HR management of the scientific and practical space. At the same time researchers of the matter predominant role in HR-branding outlet image of the organization as an employer in the labor market and thus limit its impact on other components of HR, leave out care staff are working not orient in HR-branding the internal environment of the organization.

The article identifying and substantiating factors affecting HR-brand at every stage of staff management, system approach to management of HR-branding, which determines the implementation of strategic actions to improve the brand. There were recommendations to improve the employer brand, because thanks to attractive brand, the company can develop and solve this leadership on the part of the business problem. The paper highlights the need to assess the effectiveness of HR-branding. It is necessary to monitor how many candidates come on the recommendation of staff to monitor the microclimate within the team, including between new staff, increase the efficiency of the personnel department. The most important step in this regard, in our opinion, is the awareness of the need to reorient already working employees, the formation, maintenance and development of the domestic HR-positive brand. The prospects are for further research relating to the characteristics of the components of HR-brand and search for optimal ways of its construction and development, taking into account conditions of operation of institutions.

JEL Classification: M 12.

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Надано до редакційної колегії 10.09.2016

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**Посилання на статтю / Reference a Journal Article:**

*Efficiency of HR-branding system in the management of enterprise personnel. [Електронний ресурс] / L. I. Chernyshova, A. S. Borysenko // Економіка: реалії часу. Науковий журнал. – 2016. – № 5 (27). – С. 32-37. – Режим доступу до журн.: <http://economics.opu.ua/files/archive/2016/n5.html>*