EVALUATION OF FACTORS INFLUENCING HUMAN RESOURCE BRANDING IN THE CZECH REPUBLIC AND THE SLOVAK REPUBLIC

Martina Königová and Hana Urbancová
Department of Management, Faculty of Economy and Management
Czech University of Life Sciences Prague, 165 21 Prague, Czech Republic, EU

ABSTRACT

The aim of every organisation is to get and keep quality employees, which is a precondition of success in the current turbulent environment. Properly applied Human Resource Branding may help recruit high-quality employees. It is necessary to realise that not only will employer branding attract motivated applicants, but it will also improve the perception of the organisation on the part of current employees, their identification with the organisation, its values and goals, and engagement, which in turn will improve employees’ motivation and efficiency in performance of individual activities. The paper focuses on the topic of Human Resource Branding in the Czech Republic and the Slovak Republic. The main aim of the paper is to evaluate, based on two qualitative surveys, the impact of factors identified by Deshpande (2010) on Human Resource Branding in organisations in the Czech Republic ($n_1 = 109$) as well as in the Slovak Republic ($n_2 = 340$). These factors include: reputation, culture, recruitment, pay and benefits, work/life balance, leadership and management and performance management, growth and development (Deshpande, 2010). On the basis of the research conducted (the questionnaire surveys) the differences between the levels of human resource management and Human Resource Branding in the Czech Republic and the Slovak Republic are identified. The comparison is very interesting as both countries form part of the European Union and in the past had formed one country.

KEYWORDS: Human Resource Branding, employee turnover, culture, recruitment, leadership, performance management
INTRODUCTION

The field of human resources has witnessed a considerable growth of attention to Human Resource Branding (HRB) (Edwards, Edwards, 2013). At present, organisations consider HRB or employer branding a valuable asset and a key factor of success (Love, Singh, 2011). Through HRB, organisations identify the situation on the labour market in the given sector, encourage the interest of potential candidates and increase the loyalty of current employees to remain with the organisation. Edwards and Edwards (2013) and Martin et al. (2011) add that successful HRB helps organisations win the war for talents and solve personnel problems. According to Sartain and Schumann (2008), it is also possible to consider HRB the most powerful tool to establish an emotional tie between the organisation and its employees.

The aim of HRB, however, is not only to get the best employees, but primarily to keep them. Efficient Human Resource Branding thus, in the final result, leads to better performance of organisations and competitiveness on the market (Love, Singh, 2011). In 21st century, Human Resource Branding is essential for achieving a competitive advantage (Backhaus, Tikoo, 2004; Deshpande, 2010). Armstrong states (2012) that the turnover of key employees can have a disproportionate impact on the business. The people organisations wish to retain are often the ones most likely to leave (Armstrong, 2012). Therefore organisations need highly loyal employees in order to fulfil the needs of their stakeholders and achieve success (Elving et al., 2012). Aggerholm et al. (2011) confirm the above said by stating that developing relationships with stakeholders includes the employee-employer relationship and Human Resource Branding processes.

Human Resource Branding is becoming an increasingly important topic for research and practice in all organisations because it plays directly into their corporate reputation, talent management and employee engagement agendas. Martin et al. (2011) argue that the potential effects of Human Resource Branding have yet to be fully understood because current theory and practice have failed to connect this internal application of marketing and branding to the key reputational and innovation of organisations. Correctly preset HRB also contributes to the increasing of satisfaction of current employees, which helps reduce employee turnover. Employee turnover means the transition of employees between the organisation and its surroundings and is seen as one of the permanent problems that organisations have to face, in particular with respect to the turnover of high-quality employees of long standing and efficient, experienced and loyal staff. The loss of key employees means a threat for organizations, therefore it is necessary to monitor and measure the employee turnover to forecast future losses, to identify reasons and calculate costs (Armstrong, 2012). A survey conducted in organisations in the Czech Republic (n₁ = 109) has shown that 20% of organizations addressed does not monitor employee turnover. The survey conducted in organisations in the Slovak Republic (n₂ = 340) has shown that turnover is not monitored by 28.8% of organisations. HRB is closely connected with outplacement. The method of employment termination is a reflection of the overall level of personnel policy and the level of organizational culture and ethics. The negative consequences of downsizing do not affect only dismissed employees, but also current employees and may distort the brand of the organization. The survey has shown that despite the fact that 46.3% of organizations in the Czech Republic have had to face the decrease in the number of employees, 89.9% of organisations (out of the overall number of respondent organisations) do not ensure outplacement. In the Slovak Republic the situation is very similar. 41.8% of the respondent
organisations have to face the decrease in the number of employees. 91.8% of the respondent organisations do not ensure outplacement despite the fact that services in this area significantly contribute to HRB. Based on the surveys carried out (Wagnerová, 2011), it is possible to summarise that outplacement is important for organisations although it does not fall among favourite areas of interest of HR specialists or psychologists. Outplacement is an inseparable part of HR activities and is strongly dependent on the economic cycles of the given economy. Ensuring outplacement for leaving employees facilitates starting a new phase in their working career. The importance of outplacement for HR is currently confirmed also by Kilcrease (2013) and Sathe (2010).

Human Resource Branding represents an organisation’s efforts to promote, both within and outside the organisation, a clear view of what makes it different and desirable as an employer (Backhaus, Tikoo, 2004). HRB brings a number of benefits: it reduces employee turnover, improves opportunities for getting new high-quality employees, increases the satisfaction of current employees and enhances organisations’ performance (Backhaus, Tikoo, 2004; Sturman et al., 2012; Mohr et al., 2012). Deshpande (2010) identified these seven factors that impact the Human Resource Branding:

1. Reputation/Integrity
2. Culture
3. Recruitment/Orientation
4. Pay and benefits
5. Work/Life balance
6. Leadership and management
7. Performance management, growth and development

The impact of certain factors on HRB has been evaluated by means of a quantitative survey conducted in two EU countries, namely in the Czech Republic and in the Slovak Republic.

**Reasons of survey in the Czech Republic and the Slovak Republic**

The Czech Republic and the Slovak Republic are the democratic countries located in Central Europe. Until 1992 both countries were part of the Czech and Slovak Federative Republic, formerly the Czechoslovakia. The Czech Republic and the Slovak Republic came into being on January 1, 1993 following the division of the Czech and Slovak Federative Republic.

Despite the fact that the Slovak Republic is very similar to the Czech Republic in terms of culture, inhabitants and language, the histories of the countries differ. The Czech Republic covers an area of 78,867 km$^2$ and has more than 10 million inhabitants. The Slovak Republic covers an area of 49,035 km$^2$ and has more than 5 million inhabitants. The Czech Republic and the Slovak Republic are developed market economies and both are headed by presidents. The relations between the Czech Republic and the Slovak Republic are very good. Both countries are members of the European Union and NATO. The official currency of the Czech Republic is the Czech crown. The Slovak Republic has introduced the common European currency – the Euro. Other economic characteristics of these two countries are very similar too. Economic indicators in the Czech Republic for the 4th quarter of 2012 were, according to the Ministry of Finance and the Czech Statistical Office, as follows: GDP growth of 2%, an unemployment rate of 8.1% and an inflation rate of 3%. In the Slovak Republic the indicators have the following values: GDP growth of 4%, an unemployment rate of 10% and an inflation rate of 2%.
With respect to the fact that due to long-term economic crisis organisations have to face more and more frequently decreases in productivity, they are also confronted with increased employee turnover and more frequent dismissals. Management in the Czech Republic solves the problem of an organisation’s productivity decrease primarily by decreasing the number of employees (dismissals) (46%), but also by shortening working hours (8%) and training and re-qualification courses (10%). 36% of organisations did not have to deal with such situations in the past. In the Slovak Republic, the situation is similar. In total 53.5% of organisations respond to the decrease of productivity by employee dismissal, 7% of organisations by shortening working hours, 2.8% of organisations by training and re-qualification courses while in 36.6% of organisations’ management was not obliged to tackle the problem. In the later organisations, the reduction of personnel was not linked to the decrease in productivity of organisations.

On the basis of the above-mentioned circumstances, surveys were conducted in both countries and the data obtained was used to compare results. The data obtained allowed for the identification of differences between the levels of HRB in the Czech Republic and in the Slovak Republic. The impact of individual factors identified in the survey carried out in India (Deshpande, 2010) and verified in the Czech Republic and the Slovak Republic was further examined in the Results chapter.

**AIM AND METHODOLOGY OF THE PAPER**

The aim of the paper is to evaluate, through the analysis conducted, the influence of identified factors by Deshpande (2010) which influencing Human Resource Branding in organisations in the Czech Republic and Slovak Republic. A partial aim of the paper is to recommend to organisations how to improve Human Resource Branding for the employee turnover reduction.

The findings presented were obtained through a quantitative survey, using a questionnaire technique of data collection. The surveys in the Czech Republic and the Slovak Republic were conducted in 109 and 340 organisations respectively. The survey was designed in co-operation with the Department of Management at School of Economics and Management in Public Administration in Bratislava (SEMPA). The structure of organisations was as follows:

- in the Czech Republic according to sector of economy in percentages (%): 71.6% private; 28.4% public,
- in the Slovak Republic according to sector of economy in percentages (%): 74.4% private; 25.6% public.

The size of Czech and Slovak organisations was determined based on the number of employees of the given organisation (see Table 1 in percentage).

**Table 1: Size of organisation in the Czech Republic and the Slovak Republic in %**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>50 - 300</th>
<th>301 – 1 000</th>
<th>1 001 – 5 000</th>
<th>over 5 000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>the Czech Republic</td>
<td>78</td>
<td>15</td>
<td>5</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>the Slovak Republic</td>
<td>73</td>
<td>20</td>
<td>6</td>
<td>1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: own survey
The primary data have been processed by means of descriptive statistics using the Microsoft Excel 2007 program and the IBM SPSS Statistics 20 and also the methods of comparison, induction, deduction and synthesis were applied.


RESULTS

Factors with impact on HRB in the Czech and Slovak Republics have been evaluated based on their identification according to Deshpande (2010).

1. Reputation/Integrity
An organisation’s reputation is the core of HRB. The survey has revealed that organisations in both countries place comparable emphasis on their reputation. 61.1% of organisations in the CR and 59.1% of organisations in the SR do not use the conception of corporate social responsibility. 69.4% of organisations in the CR and 67% of organisations in the SR have an ethical code in place. Although the existence of an ethical code and the adherence thereto does not mean that the organisation is socially responsible, it is a signal for the public that the company follows ethical rules. Corporate social responsibility is a voluntary commitment and should be in the interest of all organisations since responsible conduct increases productivity of work and employee loyalty and brings the organisation a long-term sustainable competitive advantage.

2. Culture
The survey has revealed that in total 86% of organisations in the CR and 90.9% of organisations in the SR find it important to create and maintain a suitable organisational culture that will ensure organisations achieve the required level of performance. Organisations univocally think it is important to create and maintain organisational culture. According to Urbancova (2012) differences between organisations in the Czech and Slovak Republics are not significant and it can be noted that organisations in both countries realise the importance of organisational culture, however, its development, maintenance and modification are not a common matter yet.

3. Recruitment/Orientation
Permanent success of an organisation is dependent on people that work for the organisation. The aim of every organisation is to recruit the best employees. In the recruitment process, organisations in the Czech Republic most frequently search for new employees through internal resources. Internal resources are exploited by organisations as follows: 67.9% of organisations use them to recruit managers, 50.5% of organisations to recruit specialists, 38.5% of organisations to recruit administrative staff and only 19.3% to recruit workers. In the SR organisations use internal resources to recruit managers (59.5%), specialists (50.3%), administrative staff (51.4%) and workers (33.2%). The above figures show that in the CR internal resources are most frequently utilised to recruit managers, which is also valid for the SR, where, however, internal resources are, compared to the CR, utilised more to recruit administrative staff and workers. To select managers, organisations in the CR and SR most frequently use interviews, CVs and references. As regards specialists and administrative staff, qualification tests are required in addition. Recruiting employees from
internal resources is closely associated with personal development management and enhances employee identification within the company and their stabilisation. It is important for organisations not only to get the right employees for the right job positions, but also to keep them.

4. Pay and benefits
This category is an important area determining employees’ satisfaction and simultaneously it is an elementary piece of information that potential candidates search for in relation to the given employer before they decide to send a CV or sign an employment contract. The survey has proven that in the CR employees’ satisfaction at the managerial level is to the largest extent (45%) influenced by remuneration (which is dependent on individual pay) as well as its transparency. Very similar results have been proven in the SR (42%). Among other characteristics examined in the CR and the SR there were: profit sharing (25% in the CR, 33.8% in the SR), bonuses paid for the fulfilment of individual tasks (25% in the CR, 33.8% in the SR) and bonuses dependent on the fulfilment of group tasks (22% in the CR, 32.3% in the SR). Organisations in both the CR and SR provide their employees with a wide range of possibilities of participation in economic results, exceeding statutory requirements. Employers stimulate employees and thus increase their satisfaction at work, loyalty and positive thinking.

5. Work/Life balance
The survey has revealed that the majority of organisations in the CR and the SR do not ensure outplacement. Only less than 10% of organisations do engage in outplacement. If they do so, they provide psychological consulting, training focusing on assistance in the process of searching for a new job, training on social and legal requirements, and last but not least, financial consulting dealing with issues such as mortgages, loans, credits, etc.

The way an employer treats a leaving employee will have a significant influence on its reputation. If the employer places emphasis on consulting services in specific areas that could facilitate former and present employees in their life situation, HRB of the given organisation will strengthen.

6. Leadership and management
Leadership and management of human resources, management styles applied by managers in organisations, and the most common forms of communication towards employees belong among the crucial aspects determining HRB of the given organisation. According to the survey conducted in organisations in the CR and SR, the strongest factor is the forms of communication. The survey has revealed that for the transfer of key information from the employer to the employee organisations prefer the oral (face to face) form of communication (83% in the CR, 72% in the SR). This is followed by sharing of information at meetings and team discussions (69% in the CR, 69% in the SR) and electronic communication via emails (58% in the CR, 54% in the SR). Less important are written communication and communication through trade unions.

The outcomes have shown that using the right forms of communication in each organisation and the application of an autocratic, democratic and liberal style of management based on individual circumstances of the given organisation (the sector in which the given organisation operates, number of direct subordinates under the manager in question, etc.), are important factors having an impact on the satisfaction of current employees. Should
important information be withheld by the employer or the employee, it will lead to excessive bureaucracy, which in turn will make capable employees leave the organisation and join a competitor and subsequently reflect in the worsening of the image of the organisation.

7. Performance management, growth and development

Based on the evaluation of the outcomes, it may be said that the system of performance management provides organisations with a crucial tool that enables them to project their strategy into its results. The outcomes of the survey have revealed that the majority of organisations apply performance appraisal and use the outcomes in all areas covered by performance management. Organisations find it important to have a correctly established remuneration system that reflects the results of appraisal (83% in the CR, 55% in the SR). Approximately one third of organisations emphasise the impact of appraisal on education and development and also on career growth (39% in the CR, 32% in the SR). Information obtained through employee performance appraisal is also essential for personnel planning, talent identification and career management (25% in the CR and 21% in the SR).

The integrated system of performance management permits organisations to define and evaluate employee performance and it is necessary to link the outputs of the system with the system of remuneration as well as the system of development. Performance development is one of the essential preconditions of an organisation’s competitiveness and prosperity in the current competitive environment. An efficiently arranged system of employee performance management allows for employee performance management in compliance with the defined strategy of the given organisation.

DISCUSSION

Building strong HRB requires that a pre-set process supported by top management and a correctly formulated strategy be in place. An organisation’s website and the process of applying for employment provided thereon influence potential employees’ interest in sending their CV to the organisation. This is also confirmed by surveys conducted by Kim et al. (2011). If an organisation’s presentation on its website is poor, it will discourage talented candidates.

Therefore, based on the survey, organisations are recommended to:

- Improve their approach to current employees and thus improve the reputation of the organisation. Only satisfied employees spread the good name of the company throughout work and their personal environment. Be careful: Bad experience spreads faster than good experience.
- Make the recruitment process more efficient and show interest in qualified employees. Organisations should propose such a procedure that will not discourage talented candidates from signing an employment contract once they succeed in the job interview.
- Strengthen the feeling of each employee that s/he is a part of the team. Each employee is a carrier of knowledge that is important in each and every transformation process. This helps achieve not only individual goals, but also team goals and subsequently organisations’ goals.
- Minimise the turnover of capable employees, motivate and stimulate them in a suitable way to make them stay with the organisation.
- Place emphasis on outplacement that helps employees restart their work career.
Organisations have to take into account:

- How they wish to be perceived by prospective and current employees.
- That it is convenient to present in public those features of the organisation that distinguish it in the current competitive environment from other employers. It is necessary to provide an answer to the following question: What makes this organisation unique?
- That work that an employee performs is a process in which two parties are involved – the employee and the employer. Both parties - the employee and the employer - expect to receive values.

HRB has to be established on the timely and correct identification of important areas of HR management, starting from the recruitment process for the given position and the candidate’s start in the new job and adaptation process to his/her leaving of the organisation. For this purpose HRB tools should be used efficiently to reflect all factors that were part of the survey and that have proven their impact on HRB.

CONCLUSION

HRB may be currently considered an essential tool of human resources strategic management. Capable and talented employees that are a valuable asset of the organisation and that the employer has to be able to get, but primarily to keep, represent a resource-based approach to achieving a competitive advantage. Therefore it is necessary to strengthen all factors examined that have a positive impact on the level of HRB ensuring since they encourage capable employees to stay with the organisation. Organisations’ management has to pay continuous attention to all areas of HR (reputation, culture, recruitment, benefits, work, leadership and performance management) examined.

REFERENCES