

# Employer Branding as a Source of Competitive Advantage of Retail Chains

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## Abstract

**Purpose:** Developing a strong, favourable employer brand of a retail chain may be regarded as an important means of creating a competitive advantage. Retail chains should attract personnel with desired competence required for their particular purposes. The retail sector in Poland is perceived as a strongly disliked employer. Thus employer branding can be an important element of strategies adopted by retail chains operating in Poland.

The main objective of this paper is to analyse the development of employer branding strategies implemented by selected global retailers operating in Poland and the impact of such strategies on their respective competitive positions in the Polish market. The time frame for the analysis is the period of 2009–2014.

**Research design and methods:** In addition to a review of the literature on the development of employer brands, this paper includes a case study of a few global retail chains operating in Poland.

**The paper is based on the assumption** that retail chains pursue competitive advantage by developing employer brand strategies.

**Implications and recommendations:** A continued engagement in strategic activities in the field of employer branding is very important for retail chains. Decision makers need to pay special attention to the promotion of their retail chains as a good workplace, using employer branding techniques.

**Keywords:** retail, employer brand, labour market

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## Employer branding as a source of competitive advantage

For business enterprises, a positive employer brand is becoming an important competitive asset. In the context of a market environment, it allows them to obtain resources of particular significance, i.e. employees with required skills, competence, and predispositions, and to retain those already in employment.

A positive employer brand strengthens customers' trust and makes them more willing to choose a sales assistant enjoying the trust of employees. It should be noted that commercial enterprises have been perceived generally as dishonest employers, which has forced them to focus on the improvement of their reputation by resorting to employer branding strategies.

A particular enterprise's image as an employer can be identified with its brand; in the literature on this subject, it is referred to as *employer brand*, while *employer branding* is a process, a sequence of planned activities aimed at ensuring that the enterprise will be regarded as an attractive employer (Wilson, 2008, p. 9). We are also talking about building human brands (Close, Moulard and Monroe, 2011).

A similar approach is presented by J. Sullivan, who defines employer branding as a targeted long-term strategy of managing the awareness and perception of employees, potential employees, and other stakeholders with respect to a particular enterprise (Sullivan, 2004). The effect of implementing an employer branding strategy is a properly shaped image of an enterprise as a good place of employment (Sullivan, 2004).

A brand is perceived the most frequently in the context of emotions that it evokes. According to this criterion, it is possible to distinguish a positive brand and a negative brand. A positive employer brand indicates that an enterprise – in the case under analysis, a retail chain – triggers good associations resulting from a positive experience of employees who derive satisfaction from working with and for the company and will gladly recommend their chain as an employer. On the other hand, a negative employer brand is the evidence of employees' low level of satisfaction. Such a perception of a retail chain as an employer is influenced by discrepancies between employees' expectations or needs and the employer's actions.

For every enterprise, an ideal situation is one in which the registered brand is a complete mirror reflection of the required brand. In practice, however, we have to deal with various degrees of discrepancies between these two. The existing discrepancies between an ideal brand and a real brand are described in the literature on the subject

as a brand gap. It grows larger as more attention the employer pays to their branding activities.

Among other things, the causes of a brand gap include failure on the part of managers of retail chains to develop a desired employer brand, which may result from their inability to realise the importance of a strong and positive brand of an enterprise (Bilińska-Reformat and Dewalska-Opitek, 2015).

There are many tools used to create a desired employer brand. In the literature on this subject, they are referred to as Employee Value Propositions (EVPs). In the case of employer branding, an EVP is the same as a Brand Value Proposition is for each brand. In literal translation into Polish, an EVP may be rendered as “a proposal concerning the value offered to the employee” (Juchimiuk, 2008).

B. Hill and Ch. Tande perceive an EVP as “a set of benefits, values and principles related to working in a given organisation” (Hill and Tande, 2010). According to S. Black, an EVP is, as it were, an “agreement” between an enterprise and an employee, which determines the conditions of a barter transaction – what an employee receives in return for the work performed to the benefit of an employer. Studies on the literature on the subject make it possible to indicate the following two major groups of advantages: emotional benefits (work for a given company gives employee satisfaction, guarantees prestige, etc.) and rational benefits (work is satisfactory in financial terms and provides opportunities for professional development) (Juchimiuk, 2008).

An EVP package offered to employees of retail chains should be properly composed. It is connected with the participation and the role of remuneration among benefits offered by an employer. According to specialists, remuneration should not be the only motivation for taking up employment. Results of various international research projects prove that the non-pay reasons for changing employers include limited opportunities for professional development and promotion (40%), negative opinions about the actions of management teams (23%), and a lack of appreciation (17%) (Black, 2007).

If an employer declares a particular set of benefits to be offered to an employee (e.g. fulfilment of professional ambitions, opportunities for promotion, etc.) and at the same does not ensure a possibility of planning and following career paths, if the rules of promotion are unclear, what occurs is a particular cognitive dissonance. An employee will not trust their employer; furthermore, feeling a low level of satisfaction with work, they will start looking for new employment opportunities. Dissatisfied, they will share their negative opinion with other interested parties.

A set of benefits proposed by an employer should be adjusted to an employee's individual conditions and take into consideration their current and future (not yet fulfilled) professional and personal needs.

Shaping a strong and positive brand of a retail chain as an employer should be an important element in a chain's development strategy. Such development cannot take place without the participation of employees with particular competence, and a properly conducted employer branding process is a means of acquiring and retaining such employees by retail chains. A negative perception of employment in the retail sector produces a negative pool of employees in this sector; therefore, in the case of retail chains, employer branding activities are very important (Grzesiuk, 2010).

### **A picture of the Polish market of retail chains**

After a period of an extremely intensive expansion of retail chains, numerous changes in business models, aggressive price and product wars, the Polish market of retail chains is beginning to slow down. Furthermore, there occur challenges whose successful overcoming will condition not only the further development or market position of retail chains, but simply their survival. Undoubtedly, such challenges include searching for new sources of competitive advantages. In view of a general slowdown in the retail sector, employees are becoming an important source of competitive advantages.

Major transformations in the structure of the Polish retail sector have been caused by the increasing domination of chains of stores in the sector, which is connected to a rapid inflow of foreign capital. A store chain can be understood as a product sales system owned by a retail chain with a common owner. A store chain has a central management structure responsible for fulfilling a number of functions such as purchasing, marketing, planning, human resource management, etc. (Cox and Brittain, 2000; Domański, 2005). Retail chains are established in various markets. It is possible to notice the domination of large chains in the retail of foodstuffs, household and garden equipment, goods for children, and clothes. There are also chains of cosmetics stores, drug stores, petrol stations, etc. The number of chain connections in the Polish market is growing systematically because they are perceived as one of the key opportunities for increasing competitive advantage. Europe's largest retail chains are present in the Polish market. The biggest of them include Carrefour, Metro, Tesco, Schwarz (Kaufland and Lidl), and Aldi, representing the most powerful retail chains from Germany, the United Kingdom, France, Portugal, and Denmark.

Despite a huge influence of foreign retail chains, their domestic competitors have also managed to get a share of the Polish market. The innovation and determination of Polish retail enterprises allows them to compete successfully with large international corporations. Besides all standard brand promoting activities, Polish retail chains distinguish themselves in innovative ideas, frequently correctly anticipating their customers' requirements.

An example of Polish businesspeople representing distributed retail systems involves creation of chains functioning on the basis of associations conducting business under a common brand and using various (vertical, horizontal) forms of integration. Joining such retail associations is a manifestation of a competitive response to the activities of large retail chains (Domański and Bryła, 2010, p. 195). This can be exemplified by large and small format delicatessens established particularly for the purpose of selling premium-type products. Another format comprises shops with small surface areas, specialising in the sale of regional foodstuffs. A case in point is a chain called Krakowski Kredens [The Cracow Buffet]. In its retail offer, it refers to the tradition of "the Cracow cuisine specialities" or, more broadly, the Galician cuisine (Domański and Bryła, 2010, p. 19). According to a ranking developed by the Akademię Systemów Sieciowych w Warszawie (Academy of Networking Systems in Warsaw), at present there are 80 retail chains operating in Poland. In view of the changes taking place in the labour market, retail chains have been undertaking various branding activities.

In the next few years, retailers will be busy working on their positive employer brands, maintenance of talents, and reduction of employee turnover. Priority will shift from employment cost optimisation to higher effectiveness of human resources. A survey conducted by Randstad Award (Randstad Award 2015) indicates that the retail sector is regarded as the least attractive sphere of employment among the 16 surveyed business sectors. In its study of September 2014, Instytut Badań Rynkowych i Społecznych Homo Homini [The Homo Homini Market and Social Research Institute] found that the service and retail sectors would face serious shortages of employees. Carried out on 24–29 September 2014, the study comprised a group of 500 employees of medium and large enterprises ([www.gazetapraca.pl](http://www.gazetapraca.pl), accessed on 02.11.2015).

The surveyed sectors are characterised by high employee turnover rates caused primarily by relatively low salaries. Furthermore, 80% of the employees participating in the study indicated the lack of development opportunities as an important motive for looking for a new job. Also, 30% of them declared an intention to change jobs in the next two years. The lack of opportunities for acquiring new skills and qualifications was given as one of the major reasons for such plans. The retail sector is about to face

serious challenges related to employee recruitment, especially in view of the expected further dynamic development of the retail market in Poland, which will cause an increasing demand for human resources.

Retail chains are fully aware of this because they unanimously mention difficulties with communicating their positive brands to potential employees as one of the major challenges in the area of human resources management.

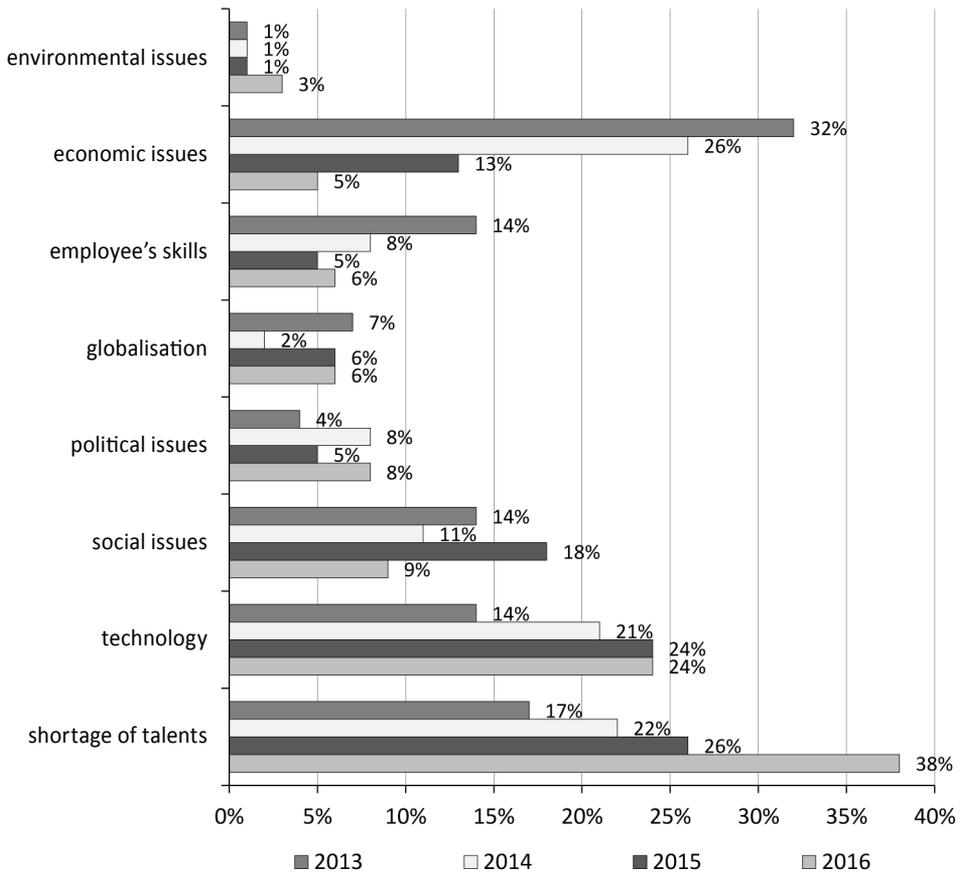
### Results of research on employer branding in the retail chain sector<sup>3</sup>

Research conducted by HRM Institute is a comprehensive study analysing Polish employers' employer branding activities and focusing in particular on the trends and challenges expected to appear in the nearest years. Based on the CAWI method, the research was conducted in the period from March to May 2016. Research questionnaires were sent electronically to Polish employers, in particular to representatives of HR, EB, marketing and communication departments responsible for employer branding activities. The fifth edition of the research included 349 employers from all over Poland. The biggest number of participants came from the Mazowieckie Province (39%), the Małopolskie Province (14%), the Wielkopolskie Province (12%), the Dolnośląskie Province (11%), the Śląskie Province (8%), and the Pomorskie Province (7%). The participating organisations represented both Polish capital (55%) and foreign capital (45%). The respondents represented such business sectors as IT (11%), manufacturing (8%), banking (8%), consulting (7%), recruitment (6%), FMCG (5%), and retail chains (5%). The research group comprised organisations of various sizes: from small enterprises employing 11–100 people (19%), through medium ones with 101–500 employees (24%) and larger ones with 501–1000 employees (13%), to huge ones with 1001–5000 employees (18%) or 5000 and more employees (18%). (The 2016 Report on Employer Branding in Poland, [www.hrminstitute.pl](http://www.hrminstitute.pl)).

When conducting analyses of employer branding processes in organisations, it is recommended that factors influencing particular business activities be taken into consideration, as presented in Figure 1.

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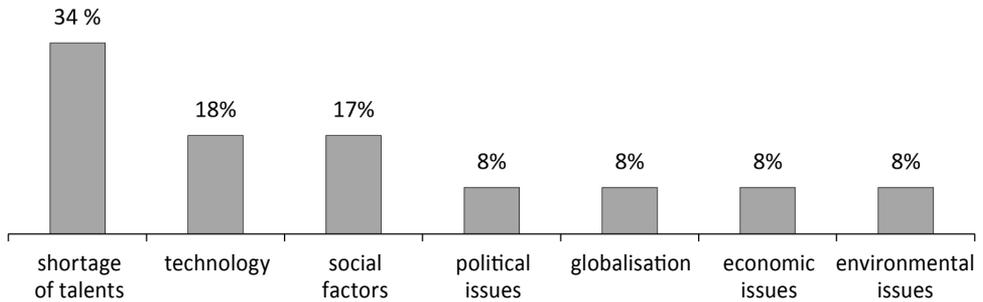
<sup>3</sup> The data used in this part of the paper has been acquired thanks to cooperation with HRM Institute and its CEO, Anna Macnar. The data comes from research on employer branding in Polish enterprises. The research formed a basis for the development of a subsequent report entitled "Employer Branding in Poland in 2016. Trends, Challenges, Inspirations, Strategies, Tools".

**Figure 1.** Factors influencing business activities in the years 2013–2016

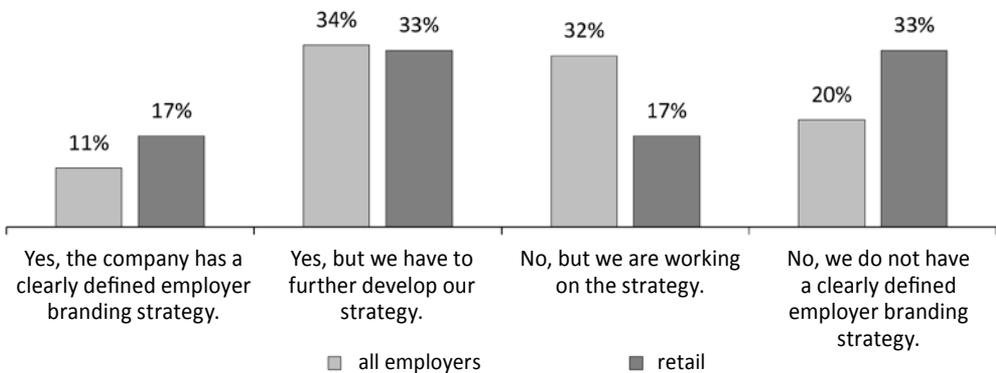
Source: The 2016 Report on Employer Branding in Poland developed by HRM Institute.

Polish employers' greatest problem (38%) is the continuously intensifying shortage of candidates for employment meeting requirements related to skills and competence. Another factor influencing the development of an attractive brand on the employers' market is technology (24%). Technology forces enterprises to incur expenditures on various investments, including investments in their employees' professional development, allowing them to take advantage of new technological solutions. These results are also proven by the data selected for the retail sector (Figure 2).

In this particular arrangement of the factors influencing employer branding in retail chains, it is very important to develop a proper strategy allowing an organisation to attract candidates for employment with required skills and qualifications. However, the research results presented by HRM Institute are not promising (Figure 3).

**Figure 2.** Factors to influence retail chains' business activities in the next two years

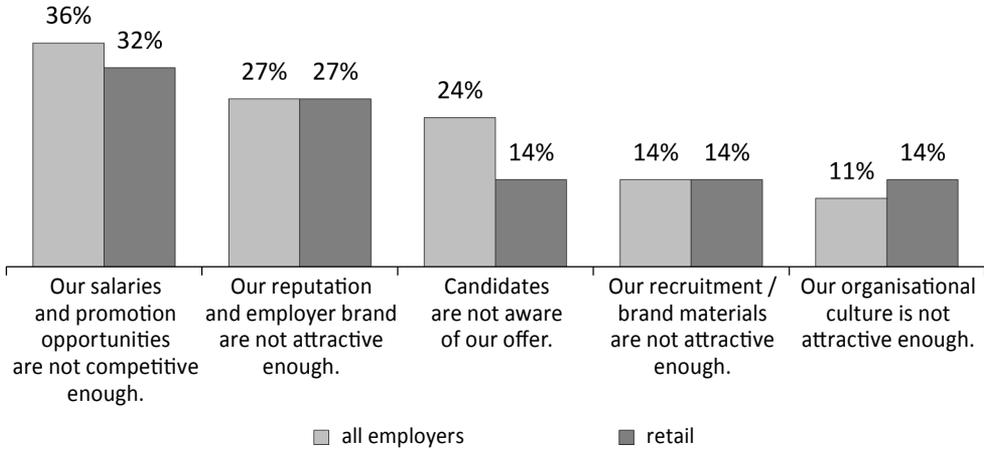
Source: The 2016 Report on Employer Branding in Poland developed by HRM Institute.

**Figure 3.** The 2016 employer branding strategy with a particular focus on retail chains

Source: The 2016 Report on Employer Branding in Poland developed by HRM Institute.

Analysing the research results, “enterprises more and more frequently think about a strategic arrangement of their employer branding activities. It is a positive trend that may considerably strengthen the effectiveness of recruitment in the increasingly demanding labour market. It would be a mistake to underestimate the importance of strengthening the employer brand inside an organisation (among the current employees). The results of the 2016 research on employer branding as perceived by Polish retail sector employers show that every third enterprise does not have an employer branding strategy. And it should be remembered that the retail sector is not at the top of the list of the most attractive employers in the current labour market” (Macnar, CEO, HRM Institute, 2017). Hence the question about the reasons for this situation. Answering the question, the respondents identified several factors (Figure 4).

**Figure 4.** Main reasons for the shortage of candidates for employment in the surveyed enterprises with a particular focus on retail chains



Source: The 2016 Report on Employer Branding in Poland developed by HRM Institute.

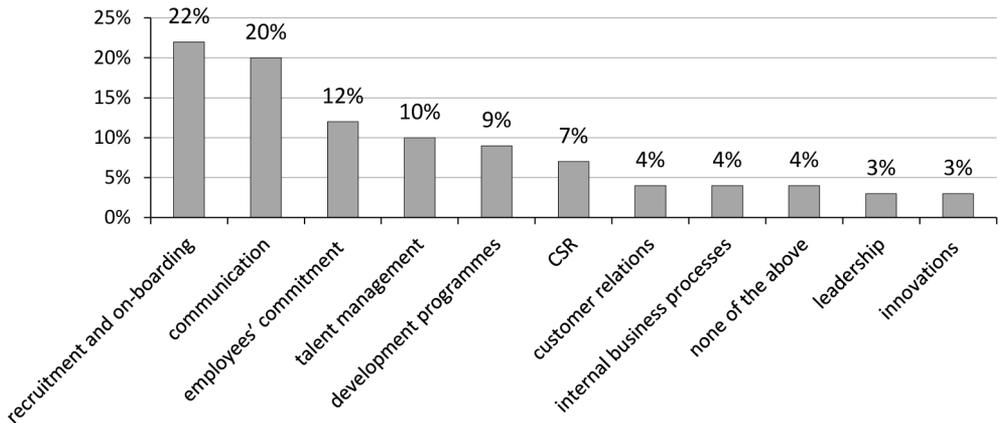
Taking into consideration the division into particular sectors, the majority of the respondents (36%) admitted that the main reason for the shortage of candidates for employment was low salaries and limited opportunities for promotion. The positive fact was that some enterprises (15%) were aware of the lack of properly prepared and targeted employment offers. The surveyed organisations pointed also to a need for changes in the development of employer brands and declared attempts to introduce changes in the related processes (Figure 5).

The respondents declared that they focused on changes in recruitment processes (22%) and communication processes (20%), and that they were starting to develop employee commitment and professional development programmes with particular attention paid to people with unique competence. Such activities are being noticed by the external market, which is reflected in the number of nominations for the title of desired employers. According to a report developed by Antal<sup>4</sup> (<http://www.portalspozywczy.pl/handel/wiadomosci/ikea-najlepszym-pracodawca-w-branzy-handlu-detalicznego-i-e-commerce,128754.html>, 27.02.2017), entitled “The Most Desired Employers in the Opinions of Specialists and Managers”, the best job opportunities in the retail and

<sup>4</sup> Antal has been present in Poland since 1996; in 2013, it became a part of the Work Service S.A. capital group. The company provides permanent and contractual recruitment services. It offers a wide range of solutions in the area of employee assessment and development, market research, and employer branding. <http://www.portalspozywczy.pl/handel/wiadomosci/ikea-najlepszym-pracodawca-w-branzy-handlu-detalicznego-i-e-commerce,128754.html> (27.02.2017).

e-commerce sectors are offered by Ikea (9.3% of all responses given by the respondents), Allegro (6.7%), and Jeronimo Martins (5.5%)<sup>5</sup> (<http://www.portalspozywczy.pl/handel/wiadomosci/ikea-najlepszym-pracodawca-w-branzy-handlu-detalicznego-i-e-commerce,128754.html>, 27.02.2017). According to Daria Dąbrowska, Team Leader at Antal Sales & Marketing, “in the retail market, the most important things are management style and organisational culture. This shows a very important role which a good working atmosphere and a modern approach to management are beginning to play in business organisations. Invariably, a recognisable brand is of considerable significance as well. The most desired employers are organisations that are the leaders in the retail market and have been present in it for many years (...). Another important aspect is the source of information about a given enterprise as an employer. The dominant role of opinions presented on the Internet, voiced by current and previous employees, and published in the media is clearly visible” (<http://www.portalspozywczy.pl/handel/wiadomosci/ikea-najlepszym-pracodawca-w-branzy-handlu-detalicznego-i-e-commerce,128754.html>, 27.02.2017).

**Figure 5.** Processes that change under the influence of employer branding strategies



Source: The 2016 Report on Employer Branding in Poland developed by HRM Institute.

## Conclusions

As mentioned in the first part of this paper, the non-pay reasons for changing one's job as classified by Black are very much applicable to employers in the retail chains

<sup>5</sup> The respondents were to indicate any enterprise as their preferred place of employment.

sector. This is proven by a survey conducted by HRM Institute, in which respondents from this sector admit that the salaries and opportunities for promotion which are offered are not competitive enough in the labour market. Therefore, retail chains have to spend more time and money in order to build their brands in the labour market. Their problems with acquiring proper candidates for employment are aggravated by the lack of concrete, clear strategies aimed at making them perceived as trustworthy employers. Therefore there are a few areas which should be developed and communicated in the external labour market with a view to increase the reliability of particular representatives of retail chains.

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