EMPLOYER BRANDING IN SMALL AND MEDIUM ENTERPRISES – LOCAL ENTREPRENEURS' PERSPECTIVE

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**Purpose:** The paper aims to research if and to which extent small enterprises from the region of Częstochowa introduce practices that can be described as employer branding in their performance.

**Design/methodology/approach:** The research for the study was conducted based on critical analyses of the secondary sources of information (research results, reports on employer branding, scientific papers), as well as on the primary data – quantitative (online survey and interviews) and qualitative research (in-depth interviews) conducted among owners of SMEs from the Częstochowa region.

**Findings:** Most of the owners of SMEs from the region of Częstochowa introduce employer branding practices intuitively. The scale of their business determines the way they integrate their work teams and the ways they seek potential employees. Their main concerns are related to increasing costs of the workforce and maintaining qualified staff. Most of their efforts are intuitive and not the full potential of EB tools is used, in the employee advocacy area for example.

**Research limitations/implications:** The limitations can be identified in the number of research businesses and the sampling method. Due to the lack of statistical data regarding the exact number of SMEs in the region, including the number of self-employed, it is difficult to calculate the sample size. The random sampling method could not be used because of the lack of the sampling frame – available lists do not include all the businesses and do not divide them depending on their legal status.

**Practical implications:** The diagnosis conducted in the paper may be used for further research in employer branding in groups of small enterprises. It can also help different types of organizations providing training for SMEs or consultancies to identify areas that need support.

**Originality/value:** The research on employer branding is mainly conducted among the largest employees. SMEs are not usually researched, especially regionally.

**Keywords:** employer branding, internal branding, SME, marketing.

**Category of the paper:** Research paper.
1. Introduction

The concept of employer branding is strongly related to the concept of internal marketing introduced within the overall approach described as relationship marketing in the late 80s last century. Internal marketing was discussed as an integral element of the approach, introducing the idea to treat employees as the first customers the organization offers. Later, that perception of employees was also introduced in HR practices (Strokes, 2015; Adler, Ghiselli, 2015; Loyd, 2018; Deepa, Baral, 2019), and its influence on the recruitment process for example employee retention was analyzed (Gilani, Cunningham, 2017; Rizwan et al., 2022). It is also identified as a factor of strategic importance especially in turbulent environments (Rose et al., 2010; Sikyr et al., 2023). The concept of employer branding should support and be an integral part of corporate brand initiatives and the concepts of internal branding, employer branding, and corporate branding should be synergic (Foster et al., 2010).

The concepts of employer branding, internal employer branding, and external one are used in the literature to distinguish different approaches towards the concepts (Table 1).

Table 1. Different approaches towards the concept of employer branding

<table>
<thead>
<tr>
<th>Models of Employer Branding</th>
<th>Outside-in (external EB)</th>
<th>Inside-out (internal EB)</th>
<th>Corporation brand (EB internal+external)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Models</td>
<td>Model by K. Backhaus, S. Tikoo; model by G. Martin; Model by R. Moosley;</td>
<td>Model by R. Wilden, S. Gudergan, I. Lings; Model by S. J. Miles, G. Mangold;</td>
<td>Vision-Culture-Image Model; Model by M. J. Hatch, M. Schultz; Model by H. K. Aggerholm, S. E. Andersen, C. Thomasen;</td>
</tr>
<tr>
<td>Main goals of the approach and characteristic</td>
<td>Brand recognition, positive perception of a brand, brand loyalty. In the situation when organizations must court employees/talents, employers are perceived through their brand perception.</td>
<td>The brand of an employer is perceived as a result of service quality, organizational culture, social acceptance, level of wages, benefits offered, prestige, recruitment procedures, etc. – so all the internal procedures influence the perception of a business as an employer. Employees are internal consumers of the company.</td>
<td>Combination of internal and external branding.</td>
</tr>
</tbody>
</table>

Source: Łazorko, 2019, p. 19.

Generally, the efforts related to employer branding, as the ones that are aimed at the creation of the organization’s image as an employer, can be discussed as the ones aimed at external audiences (potential employees, clients, cooperators, and other groups of stakeholders), as well as internal one, aimed at current employees. Due to many publications regarding employer branding and different approaches (Table 1), defining the concepts and indicating the areas of interpretation, it may be assumed that “the external employer brand can then be mapped to
an organization’s employer image (i.e., an outsider’s mental representations of attributes related to an organization as an employer), whereas the internal employer brand (i.e., an insider’s mental representations of attributes related to an organization as an employer) corresponds to an organization’s identity. External employer branding is then considered to be a synonym for employer image management” (Lievens, Slaughter, 2016, p. 410).

Effective employer branding determines the decisions of potential employees and helps in talent acquisition (Sommer et al., 2016; Ciscio, Graham, 2016; Zojceska, 2018; Pilurzu, 2019) and attracting shareholders (Gordon, 2022). It also impacts employee satisfaction (Schlager et al., 2011), supports onboarding procedures, and affects many aspects of work life (Adler, Ghiselli, 2015; Sokro, 2012; Sakka, 2020) by building an identifiable and unique employer identity to differentiate from competitors (Backhaus, Tikoo, 2004). Research results confirm that people who work for employers with a recognizable and positive image are more effective (Berthon et al., 2005, Kunerth, Mosley, 2011; Yalim, Mizrak, 2017; Staniec, Kalińska-Kula, 2021), and employers who consider and care about the well-being and happiness of employees are perceived as more attractive for job seekers (Patnaik, 2021). Employer branding enables employees to transform brand values into reality during the delivery of the brand promise (King, Grace 2008; Foster et al., 2010), and it is also discussed in the context of internal communication (Chong, 2007; Dryl, 2017; Hoppe, 2018; Itam et al., 2020; Tkalac Verčič, 2021; Pološki Vokić et al., 2023).

In the opinion of practitioners, employer branding “is an uphill climb since there are a lot of things to cover. This includes managing employee advocacy, marketing your business on social media channels and job boards, and identifying areas that require full attention to achieve this objective” (Gordon, 2022). When the introduction of employer branding programs is considered, most employer branding leaders indicated that the most effective are: the creation and sharing of engaging content, mapping out employer branding strategies, managing social media presence, building advocacy programs, and tracking employer brand’s performance (Downing-West, 2023).

The changes within employer branding in Poland may be observed based on the research conducted by the HRM Institute, one of the biggest Polish consulting agencies. It specializes in HR aspects, with particular attention put on different aspects of employer branding. The research conducted annually enables comparison of results, as well as an indication of changes that can be observed within the area of employment and recruitment. The reports by HRM Institute inspired the research conducted within the study. As the HRM study focused on larger employers (HRM Institute, 2023), as well as research papers by different Polish scientists (Bilińska-Reformat, Stańczyk, 2018; Stuss, Herdan, 2018; Buchelt et al., 202, Sulich 2021) the research conducted within this study focused mainly on small and medium enterprises from the region of Częstochowa to investigate how employer branding is interpreted by local entrepreneurs and how important it is in overcoming consequences of crises, especially the ones organizations face at the moment, related to the Covid-19 pandemic, the war in Ukraine, high inflation, and rising labor costs.
2. Methods

As mentioned, the research was inspired by the results of research conducted by the HRM Institute, although the local aspect of performance and employment in the researched businesses determined the sampling and construction of the research tool.

The research was conducted in the Częstochowa region to investigate how smaller entrepreneurs, operating in the local environment, perceive some elements of employer branding and compare the results with information from the HRM Institute report and other available sources. The reason to choose smaller enterprises for the study was mainly determined by the fact, that according to PARP, the sector of SME is dominant in Poland (99.8%), with 97% of the microenterprise (PARP, 2022), while in the structure of the sample in the HRM Institute that aspect was not reflected, what is although understandable due to the fact, that larger businesses have larger budgets and higher awareness of some elements related to HR, including employer branding.

In the Częstochowa region, most of the companies operate in the area of Częstochowa (73% of all businesses registered in the district of Częstochowa). Among the new businesses, the most frequent are the ones offering construction services and building materials (17%), B2B services (17%), and operators in the area of logistics and transport (9%) (ALEO, 2023).

The qualitative part of the research was conducted among 60 entrepreneurs from Częstochowa, 20 with the CAWI method using a questionnaire prepared in the Google Forms tool and 40 during face-to-face interviews using the same questionnaire, consisting of 19 questions (2 metric ones), in May and June 2023. The respondents represented mainly micro-entrepreneurs, employing 1 to 9 people (42 companies) and 11-20 people (16 companies). 2 companies employ more than 21 people. Most businesses offer services (58), mainly: IT, construction, production support, events organization, marketing, medical, catering, wedding planning, language courses, and health and beauty. 2 businesses are production sites.

To possess qualitative data, the interviews on employer branding were conducted with 5 entrepreneurs. They represented: 2 health and beauty salons, 1 wedding planner, 1 conferencing service, and 1 machine tools service. They all employ up to 10 employees and operate at local (2) as well as at national (2) and international markets (1). The discussion during the in-depth interviews (that took about 30 minutes) covered the following matters: employer branding strategies introduced, perception of a company as an employer and its importance, main problems regarding employees, including present problems and foreseen ones, ways to manage talents, the role of internal employer branding in the process. The interviews were conducted after the quantitative data was collected to analyze closer the key points, and to enrich the process of analysis.

In both pieces of research, convenience sampling was used.
3. Discussion on the results

Following the HRM Institute methodology, the opening question was related to the factors that entrepreneurs perceive as the ones that will affect their business performance in the incoming years in the most significant way (Table 2).

Table 2.
Factors influencing businesses in the opinion of respondents in national and local studies

<table>
<thead>
<tr>
<th>Factor</th>
<th>HRM Institute research</th>
<th>Local businesses research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic crisis/inflation/</td>
<td>72%</td>
<td>35%</td>
</tr>
<tr>
<td>Technology/automation/AI</td>
<td>47%</td>
<td>5%</td>
</tr>
<tr>
<td>The mental health of employees</td>
<td>34%</td>
<td>0</td>
</tr>
<tr>
<td>Fast adaptation to changes</td>
<td>32%</td>
<td>-</td>
</tr>
<tr>
<td>Lack of talents</td>
<td>29%</td>
<td>50%</td>
</tr>
<tr>
<td>Ecology/Sustainability</td>
<td>20%</td>
<td>-</td>
</tr>
<tr>
<td>Employees competences</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Integration of the State into businesses</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>War in Ukraine</td>
<td>8%</td>
<td>0</td>
</tr>
<tr>
<td>Social matter</td>
<td>7%</td>
<td>-</td>
</tr>
<tr>
<td>Increased unemployment rates and higher accessibility of candidates</td>
<td>4%</td>
<td>0</td>
</tr>
<tr>
<td>Rising costs of running the business</td>
<td>-</td>
<td>80%</td>
</tr>
</tbody>
</table>

- the factor was not mentioned in the questionnaire.

For local entrepreneurs, the most demanding is the problem with rising costs related to business. The in-depth interviews, as well as the survey results, indicate that aspect as the one that has definitely made running the business more demanding recently. During the interviews, the entrepreneurs declared that a minimum wage increase as well as an increase in the prices of materials were the factors that cause their most concern.

One of their main concerns, apart from the rising costs, is related to problems with candidates' availability in the market. They all agreed that recruitment would be more demanding in the incoming years, mostly because of the higher financial expectations of candidates (63%). The same opinion was shared by representatives of larger companies participating in the HRM research. They also have problems with possessing new candidates due to their expectations (62%) followed by a smaller tendency to change jobs in the market (20% - quite significantly 41% in 2022). During the interviews, that aspect was also discussed. Most businesses have already suffered from a lack of qualified employees, and if, at the moment, they have a group of qualified employees, they are afraid that there will be problems to fulfill the vacates as they get retired in the future. Their concerns are also related to the employees entering the job market, including Gen Z representatives whose expectations towards employers and work deviate from what employers are used to, which has been already observed worldwide (Schroth, 2019; Chillakuri, 2022; Janssed, Carrdini, 2021; Racolta-Paina, Irini, 2021).
It is quite significant that none of the local employers indicated that the mental state of their employers could be the factor influencing their performance, while bigger companies recognize the problem. The reasons behind that situation may be found in the fact that smaller groups of employees (the researched companies are usually the ones with up to 10 employees) can see and react earlier to any troubling situations in the workplace. That assumption was also confirmed during in-depth interviews. The respondents declared that because the teams were smaller, they could react more elastically in case of any problems in that area.

In the questionnaire, as well as during the interviews, the respondents were asked to indicate the forms of employer branding they introduce. Most of them know the concept of employer branding (70%), while the vast majority (30) do not introduce it within their businesses, because they do not find it applicable. The in-depth interviews revealed that entrepreneurs find the concept attractive but they believe it requires lots of funds to be introduced and never got into details of it. 65% of respondents declare that they agree that employees are the first customers of a company, while 35% claim that external customers are the most important. Those statistics are quite significant because they indicate that there is a group of local entrepreneurs who believe that they can achieve success in the market without treating their employees as the first customers of their services. As observed that opinion was not shared by younger employers, but due to the small sample size, that element cannot be interpreted as a tendency and should be confirmed by further research.

The respondents were also asked if, in their opinion, they are perceived by employees as good employers. Most of them declared they were (75%) while the remaining group replied they did not know and they were not interested in the opinion of employees in that matter.

Most businesses organize teambuilding meetings for their employees (65%), but they are rare, mainly before Christmas and the company’s anniversaries. During interviews employers admitted that this is a result of the COVID-19 pandemic, as well as financial aspects – they are more cautious in spending money and as employers usually meet every day and know each other privately, there is no point in further integration. That aspect is worth further research at the local level as the concept of employee teambuilding effectiveness depending on the size of the team was discussed only for larger companies so far (Salas et al., 1999; Svantek et al., 1999; Abbas, 2021).

Half of the owners researched declare that they know the idea of organizational culture and try to implement it within the organization, while 30% know the idea but they react only in case of problems. That aspect of work-life balance, culture support, and job satisfaction is proven to increase the effectiveness of employees (Naqvi et al., 2013, Abdirahman et al., 2020, Rini et al., 2020).

During the research, also communication with external audiences was analyzed. The respondents were asked whether their employees posted in social media any content regarding their place of work. 30% of employers declared that their employees showed in the social media or business social media results of their work (e.g. visualizations of services,
photographs of services, etc.), while 60% did not publish any content regarding the place of work or do not encourage employees to do so. 10% of entrepreneurs prepare and post that type of content by themselves. The results indicate that still there is a space for further education in the area of communication with audiences, and that aspect of employer branding. As 65% of respondents declare that they agree that employees are the first customers of a company it can be stated that they understand the role of employees in marketing, but they seem not to be aware of the role of employee advocacy and its importance in marketing efforts. Moreover, most of them (55%) do not know whether employees recommend their company to others (family, friends, etc.). This aspect should be looked into by employers in more detail because it is proven that employee advocacy affects many different aspects of an organization’s marketing performance (Yilmaz, Sanli, 2017; Tsarenko et al., 2018; Lee, 2021).

In most of the researched companies (70%) employees help to search for new candidates which can also be indicated as a specific characteristic of local businesses. At the same time, employers declare that when they seek candidates, they usually use job boards (55%), go through received applications (45%), and meet with candidates recommended by friends (25%). None of the respondents declared that they used the recommendation of employees. Whilst, during the reviews conducted with the employers, it was revealed that information about potential recruitment is quite often distributed by employees and the candidates who are recommended by the employees are often recruited. Additionally, most employers do not check opinions about themselves as employers on the job boards (70%), while 18 entrepreneurs (30%) do it regularly.

The tendency to recruit young people observed by the HRM Institute can be also observed in the local business. If they recruit, they usually search for young candidates with no experience (45%) or specialists with 1-6 years of experience (40%). The results are also confirmed by the research on the national level – as declared, young professionals with 1-6 years of experience are the most sought in the market (HRM Institute, 2023).

The aim of the study was also related to the crisis and EB as the way to overcome its effects. The respondents were asked whether they perceive the engagement of employees as the factor that may influence the resistance of organizations during the crisis. In that case, the opinions were divided almost evenly, with 55% of respondents claiming that in case of crisis, even the engagement of employees is not enough to overcome its consequences.

4. Summary

Employer branding has been researched in Polish literature for the last few years, analyzing different perspectives on its implications regarding recruitment, as well as the perspective of different types of organizations, for example medical (Buchelt et al., 2021), energy (Stuss,
Herdan, 2018) or retails (Bilińska-Reformat, Stańczyk, 2018). Polish researchers have also analyzed communication channels (Grzesiuk, Wawer, 2018) and content (Łazorko, 2019; Sulich, 2021). There is also a survey conducted annually by the HRM Institute regarding the state of employer branding in Poland. However, still there is a lack of publications regarding the topic of employer branding from the perspective of smaller enterprises.

Most local employers deal with different problems related to present and potential employees. They build the feeling of integration in their teams and try to make employees engaged. They invest in training them and later have to face the situation that the qualified employees leave. As the qualitative research revealed, the problem of employee fluctuation, although curbed by the COVID-19 pandemic (that tendency is also reported by HRM Institute), is one of the main challenges employers have to face, accompanied by growing costs of business performance.

It can be assumed that in SMEs internal employer branding is used intuitively based on the solutions developed and tested by employers and their experience. Moreover, external employer branding’s potential is not fully used, as most of the local organizations do not see the need to create their image as employers as the range and the scale of their performance are smaller and mainly based on interpersonal relations. Owners and their employees are mostly not anonymous for clients and their relations are different from large-scale companies. Moreover, bigger enterprises have larger budgets that can be spent on issues related to employer branding, and their actions are planned and introduced consequently (HRM Institute, 2023). Nevertheless, in the case of SMEs “despite the limited sources, things can always be done, especially since employer branding is not an outcome but an experience we can create” (Baluchova, 2023). Hence, although the situation of smaller enterprises is different, the actions they undertake to recruit and maintain the most valuable employees, increase the engagement of employees as well as promote their offers through employee advocacy mainly intuitive at the moment, should be planned and intensified.

References


