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STRATEGY OF HR-BRAND FORMATION AND DEVELOPMENT
IN LARGE COMPANIES

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Abstract

These days the business is developing rapidly. For successful economic development it is critical to ensure human intelligence, knowledge, and abilities that shall be transformed into new ideas, innovations, increased productivity and quality of labor, profit growth and increased competition. This situation is called a 'recruitment boom' thus promoting the company image, the employer reputation and the HR-brand. The process of personnel brand development is a complex and difficult program of actions aimed by the company management at increasing its competitiveness in conditions of new economy and digital technologies. Today the personnel brand development is represented in practice of the real business sector as a competitive advantage and a strategy of a corporate level. Branding in this case reflects the company's potential and its readiness to react flexibly and adaptively to the demands of the labor market at a regional, as well as national and international, level. Competition for personnel and search for exclusive professionals form an integral part of the HR-brand and are one of the leading elements of personnel marketing.

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1. Introduction

The HR-brand or the employer branding quite recently became the aspect of study, but over the last years, a fair number of works was devoted to it. This is caused by the fact that the economic efficiency of the HR-brand for different participants of labor relations was brought into real practice.

For the first time the issue of the HR-brand was addressed by British researchers in the 1990s of the 20th century. Simon Barrow was the founder of this field. The HR-brand is a new trend for the modern HR community, and its theoretical and methodological background is only gaining momentum. This field of science is still being developed alongside with its basic definitions.

HR-branding represents an important process within the enterprise management system thus ensuring the growth of labor efficiency. JSC Northern Installation Management Sevzapenergomontazh was the object of the study. It is one of the leading specialized enterprises in Russia performing installation and repair of complex power equipment. JSC Northern Installation Management Sevzapenergomontazh provides installation services at large power facilities, manufactures and delivers pipe joints, non-standard equipment and boiler accessories, tanks of any capacity and metal structures of various applications. Despite its leading position in construction industry, the enterprise has some disadvantages regarding its internal employer branding, which impairs the overall performance level. In this regard, there is a need for recommendations aimed to eliminate the identified deficiencies.

The focus of the study is to improve the internal brand on the basis of identified deficiencies. The enterprise shall create a brand, which values and encourages the internal audience, cares for them and contributes to their growth and development (Bukovskaya & Osovitskaya 2010; JTI Russia, 2011; Arkova, 2011).

2. Problem Statement

- 1) To define assessment criteria and conditions of efficient management system of a large company and identify features of its HR management;
- 2) To determine the effects of HR-branding on the development of modern company and its position on the labor market;
- 3) To draw up recommendations on the efficiency growth and further increase in the level of HR management system.

3. Research Questions

The use of HR-branding in a large company allows enhancing competitiveness of the organization on the labor market thus promoting the labor efficiency growth.

4. Purpose of the Study

To highlight features of HR management in a large company on the basis of HR-branding in JSC Northern Installation Management Sevzapenergomontazh and to elaborate measures promoting the company performance.

5. Research Methods

The issue of HR management in large companies is discussed by foreign and domestic scientists who made an important contribution to the development of the concept of efficient HR management in large companies. Kibanov identifies basic elements and features of HR management in large companies. Sivalnev and Shvekov describe the main approaches to performance review in large domestic companies. Harrington characterized the general tendency of HR management in a large company. All these studies may be supplemented with the problem of HR management in a particular large company in order to identify industrial patterns of HR management.

The practical relevance of the study is aimed to define conditions of efficient management system in large companies, identify features of HR management system and draw up recommendations on the efficiency growth and further increase in the level of HR management system based on HR-branding (Perevozova , 2017; Bukovskaya & Osovitskaya 2015; Zabirova & Gataullin, 2013).

6. Findings

The Strong & Smart Personal program was proposed to JSC Northern Installation Management Sevzapenergomontazh. This program is the subject of the given study and was never applied in other enterprises. Two qualities especially critical for the analyzed company form the core of the program. The first component is high intellectual potential, which determined the choice of the English Smart. It means that the enterprise values high professional skills and ensures development of its employees in all areas, but mainly career. The second component is Strong. The enterprise functions in complex external conditions and its projects are bound to high risk. The majority of projects demand physical efforts and good health of employees. Hence, the enterprise keeps its employees healthy and in good shape (Fig. 1).

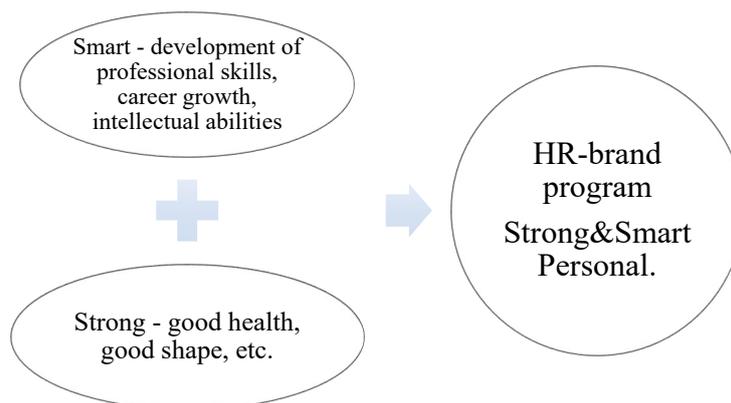


Figure 01. HR-brand of JSC Northern Installation Management Sevzapenergomontazh

The expertise of JTI-Petro was taken into account when designing the program. In addition to this program, JTI-Petro has some subprograms of the employer brand development in certain spheres - JUMP (youth internship program), Program for young specialists striving for career growth, MORE, etc. Nevertheless, the general idea – ‘Be Well’ – is the cornerstone of all subprogrammes when the enterprise has a strong market brand. Taking into account the positive experience of JTI-Petro the concept of

Strong&Smart Personal was developed for JSC Northern Installation Management Sevzapenergomontazh. This program includes several modules aimed to solve a particular task, but in combination creating a strong and highly intellectual team (Fig. 2). (Dvornikov, 2016; Legotkina & Abasheva 2013; Liashengko, Vlasov, & Moskalyuk, 2017)

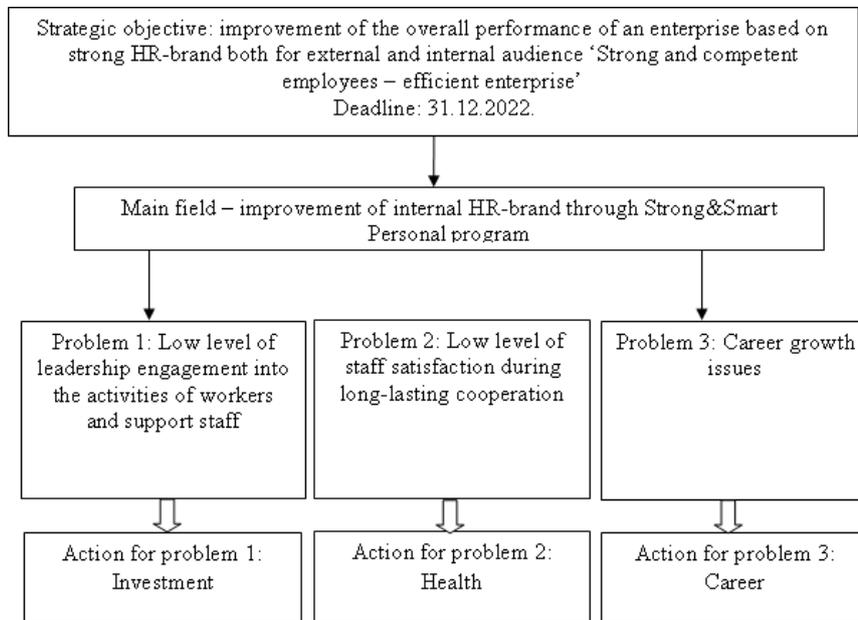


Figure 02. Strategy of HR-brand development for JSC Northern Installation Management Sevzapenergomontazh

The enterprise shall have a strong brand not only externally, but also for the internal audience, i.e. available staff potential. The work in this case shall be complex similar to elimination of disadvantages. (Bukovskaya & Osovitskaya 2010; Mitrofanova, & Dovzhik 2016; Award "HR-brand-2016")

6.1. Investment

This module is called ‘Investment’ since it implicates investments. But these are not only investments of the enterprise into its employees, but also investments of employees into the company performance – financial and other investments (Fig. 3).

The statistics showed that from the moment this initiative was launched the net profit of the company increased by 5% and the number of participants of corporate events grew by 15%.

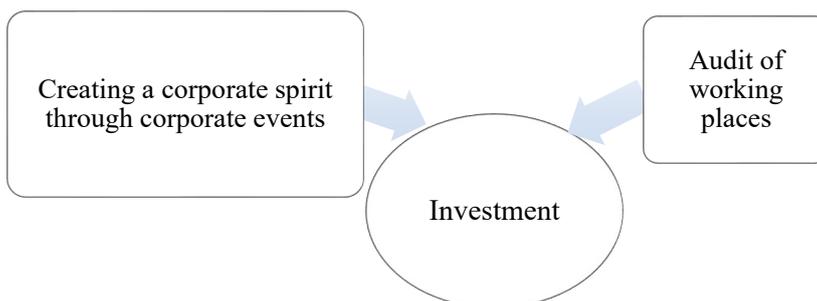


Figure 03. Structure of the Investment module

It should be noted that informal networking of employees is critical for creating a good atmosphere in a team since it helps people to get to know each other better and take a step back from job. Besides, it allows creating a corporate spirit and bringing together different categories of employees.

6.2. Health

As mentioned earlier, health and physical stamina of employees are very important for company performance. Two measures shall be undertaken in this case (Fig. 4), both of which are aimed to prevent diseases and keep employees in a good physical condition.

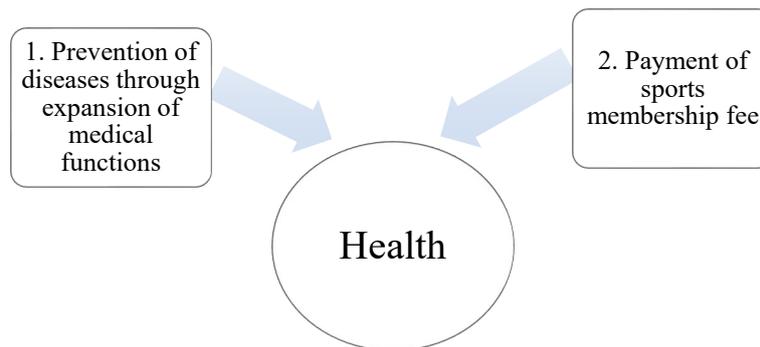


Figure 04. Structure of the Health module

Prevention of diseases is the most important measure aimed to keep the adequate health level of employees. Preventive measures allowed JTI-Petro reducing the number of employees that take sick leaves by 6% and the number of frequently sick employees decreased by 70%.

6.3. Career

A key element of this module is the company succession pipeline. In this case the measures will satisfy the need of personnel for long-lasting cooperation and will open new prospects for them.

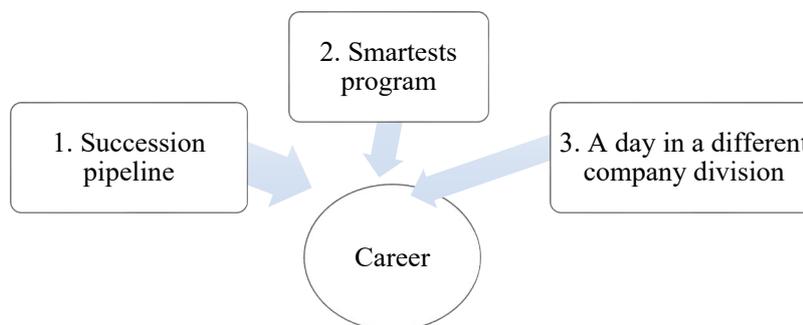


Figure 05. Structure of the Career module

Within this program it is necessary to choose the best in a profession within every division of the company. This will engage personnel into company management and reveal high performers for the company. It is clear that the Strong&Smart Personal program aimed to create a strong internal brand of an employer will fix the specified problems. The program is designed for five years.

6.4. Assessing the efficiency of proposed measures

Let us consider the efficiency of each proposed measure separately taking into account the necessary costs of their implementation. Costs for the Company Anniversary. Besides costs of the event itself there is a need to stimulate the person in charge with a bonus equal to a fixed salary rate. Taking into account the salary level the bonus will make 35 thousand rubles. Miscellaneous costs such as the contingency costs will make about 3% of the total costs. The total cumulative costs of the event will make:

$$700+35+22.05=757.05 \text{ thousand rubles.}$$

Such events organized at certain enterprises allowed increasing the net profit on average by 5%. The economic benefits of the event may be calculated according to the following formula:

$$E_b = \frac{NP_{inc}}{C}$$

where E_b – economic benefit, thousand rubles;

C – costs of the event, thousand rubles.

Let us apply these formulas.

The increment in the net profit due to proposed event will make:

$$NP_{inc}=7088 \times 1.05-7088=354.4 \text{ thousand rubles.}$$

Figure 6 shows the dynamics of the net profit due to proposed event.

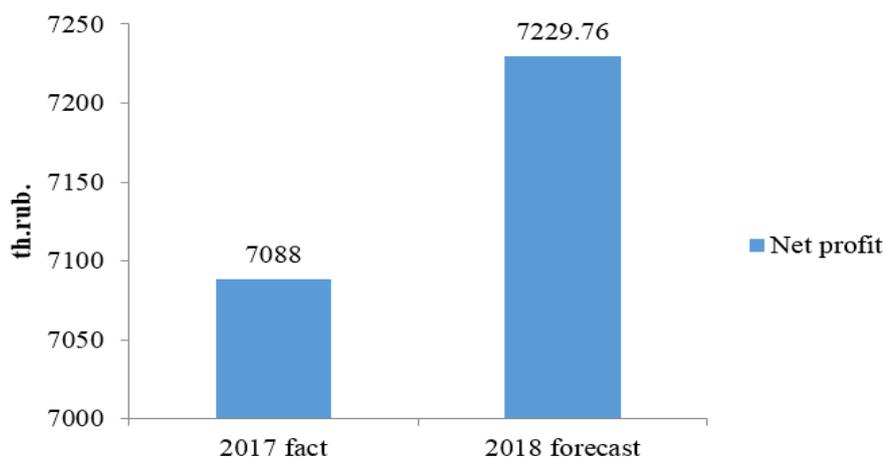


Figure 06. Forecast of the net profit due to proposed action

The forecast of labor productivity shall also be calculated taking into account the proposed action. The staffing plan for 2018 is 705 people. Respectively the net profit per 1 employee will make:

$$NP_{1e}=7442.4/705=10.56 \text{ thousand rubles}$$

The comparison of obtained results with the actual value of 2017 indicated the increase in labor productivity due to the proposed action – the increment will make approximately 0.48 thousand rubles per person (Fig. 7).

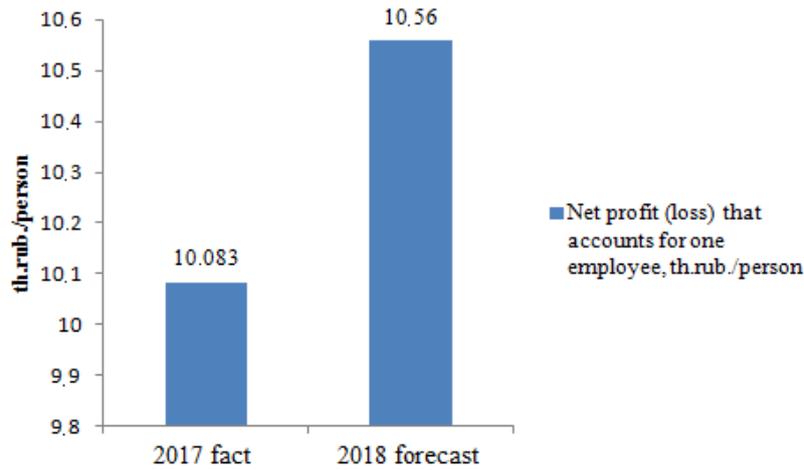


Figure 07. Forecast of labor productivity due to proposed action

The economic benefit of an action will make:

$$E_b = \frac{354.4}{757.05} = 0.47 \text{ rub.}$$

Thus, the implementation of the first item of the program will attract additional 0.47 rub. net profit per one ruble of costs. Let us consider the efficiency of the second action – vaccination of employees and general medical examination.

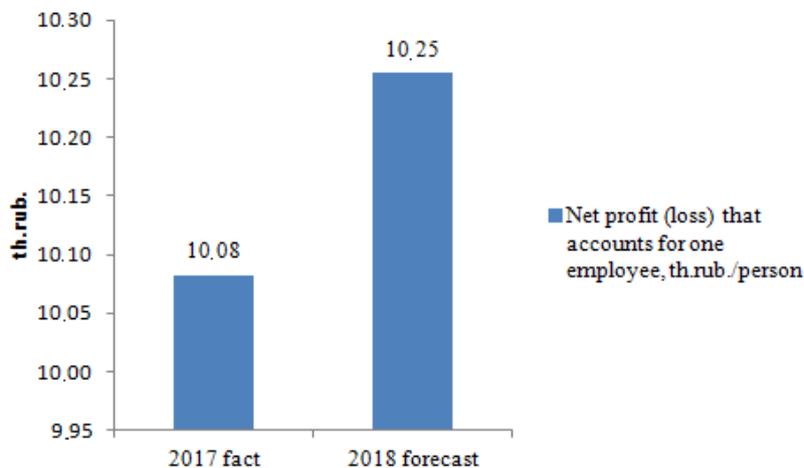


Figure 08. Forecast of labor productivity due to proposed actions of the Health module

The economic benefit of an action will make:

$$E_b = \frac{141.76}{1024.37} = 0.14 \text{ rub.}$$

Thus, the implementation of these items of the program will attract additional 0.14 rub. net profit per one ruble of costs. The increment in the net profit during the first year of the action will make approximately 496 thousand rubles in comparison with 2017 (Fig. 9).

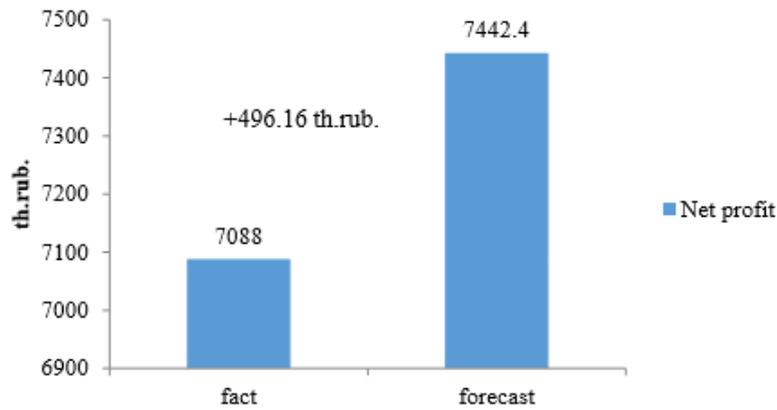


Figure 09. Increment in the net profit following the results of the first year of the program aimed to develop the employer brand

The labor productivity is predicted as 10.73 thousand rubles of net profit per 1 employee taking into account the staffing plan of 705 people. The increase in labor productivity will total to approximately 0.65 thousand rubles of the net profit per 1 employee (Fig. 10).

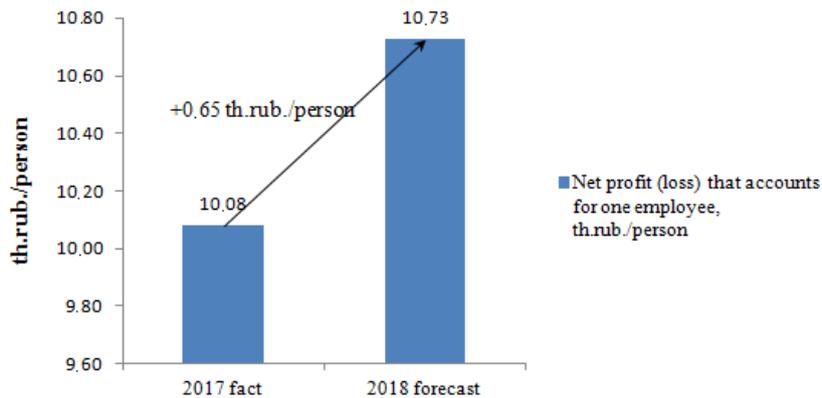


Figure 10. Forecast of labor productivity for the first year of program implementation

7. Conclusion

The HR-brand represents a special image of the company created by various stakeholders, including real, former and potential employees, clients, partners, etc. The created image represents a combination of various economic, professional and psychological benefits and advantages for stakeholders provided they have joined the given company. The HR-brand represents a unique feature due to which the company is perceived differently. Then, all methods, techniques and approaches of the HR-brand represent the HR-branding as such. The method of HR-brand analysis within the enterprise is developed within the study for practical application. (Mishina, 2015; Award "HR-brand-2016") It is based on the calculation of some coefficients evaluating certain aspects of an employer brand, including the analysis of internal and external brand of the employer. The scientific novelty of the study is that the HR-brand matrix based on a five-point

scale is developed to make comprehensive conclusions and create the problematic area. This method is designed to meet the needs of a particular enterprise (Shavyrina & Bogdanova 2015). The performance analysis showed that the increment in the net profit within the first year of the action will make approximately 496 thousand rubles in comparison with 2017, including 354.4 thousand rubles due to corporate events and 141.76 thousand rubles due to expansion of medical functions.

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