

SCIENTIFIC PAPERS
OF THE UNIVERSITY OF PARDUBICE
Series A
Faculty of Chemical Technology
16 (2010)

**ASPECTS CONCERNING ATTRACTIVENESS
OF COMPANY AS EMPLOYER**

Marie BEDNAŘÍKOVÁ^{a1}, Martina LINHARTOVÁ^a
and Jaroslava HYRŠLOVÁ^b

^aDepartment of Economics and Management of Chemical and Food Industry,
The University of Pardubice, CZ–532 10 Pardubice,

^bCollege of Economy and Management, CZ–158 00 Prague

Received September 30, 2010

The article discusses selected aspects of attractiveness of a company acting in the capacity of an employer. The company attractiveness is determined by corporate culture, which defines the specific nature of each company and its activities. The basic element of corporate culture is corporate strategy; some theories view corporate culture as an effective instrument of strategic management. The attractiveness of a company as an employer is further affected by a number of factors from the area of the human resources management strategy (e.g. the process of recruiting and selecting employees, employee stimulation methods, company educational system, opportunity for teamwork, level of communication in a company, health and safety at work) and the utilization of voluntary instruments (activities), which are used by a company to declare its environmentally friendly approach and respect of sustainable development principles in the course of its business activities. This article also includes basic

¹ To whom correspondence should be addressed.

results of research performed in companies, which are members of the Czech Association of Cleaning Stations (CACS).

Introduction

High-quality human capital is very valuable and important for each company and its success. It can be utilized by a company to create the very important competitive advantage on the market. Companies should pay a great deal of attention to their existing as well as potential employees. To acquire new and retain existing key employees, a company must be attractive for them. It generally applies that not only companies choose their employees but employees also choose companies, for which they are going to work. Naturally, applicants are considerably disadvantaged during the periods of higher unemployment and economic crisis; however, if a company comes under the impression of an immediate advantage, it will suffer from this in the future.

The objective of this article is to identify and discuss selected aspects concerning attractiveness of a company as an employer. Potential employees select their employer based on the perception of such employer on the outside, the way it presents itself, the references of existing and former employees, etc. The attractiveness of an employer is assessed according to certain criteria, which include, for example, stimulation and remuneration method of employees, possibility of career growth, approach of a company to safety at work, promotion of teamwork, and many others. Undoubtedly, these also include an overall level of corporate culture. It is obvious that there are certain elements within the structure of corporate culture which are easily noticeable (the most noticeable are artifacts, less noticeable are values and positions of a company) on the outside of the company (i.e. by potential applicants as well), and such elements may play a crucial role when assessing attractiveness of a company as an employer. If an employee takes the first job in spite of the fact that the company is not too attractive for such employee (e.g. due to the fact that no other job opportunity arose), we can hardly assume that he/she would stay in the company longer than absolutely necessary. A company with “unhealthy” level of corporate culture will sooner or later lose its employees. The article also includes basic results of research relating to attractiveness of a company as an employer performed in companies, which are members of the Czech Association of Cleaning Stations (CACS).

Selected Aspects Concerning Attractiveness of Company as Employer

The significant element affecting the attractiveness of a company as an employer is, without any doubt, *corporate culture*. The company management should realize that the company actually competes with other employers on the labor market for the sympathy of employees (both existing and potential) and that the level of corporate culture may represent a significant advantage, which could ensure that the company wins over a high-quality employee. With regard to existing employees, the company should manage and develop corporate culture in a manner which would result in a satisfied and loyal employee at every single working position.

Lukášová [1] states that the impact of corporate culture within a company is not isolated as it interacts with other subsystems, which mainly include *corporate strategy* and *organizational structure*. The present turbulent environment often requires companies to conduct in a flexible manner and to have flexible strategies in order to flexibly react to changes in the environment and to foresee or even actively create such changes. The relation of corporate culture, strategy, and environment may be described as follows (see Fig. 1).

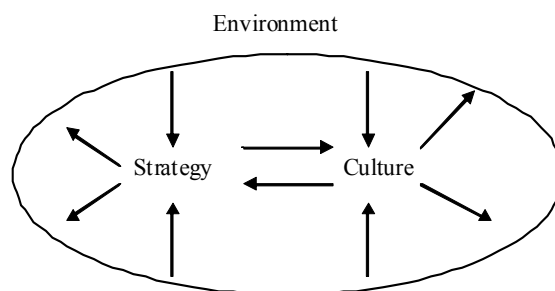


Fig. 1 Relation of strategy, culture, and environment [1]

It is clear that corporate culture affects not only the formation of the strategy itself, but also the content and implementation thereof. Dytrt [2] states that the higher correspondence of corporate culture and selected corporate strategy, the better results a company may achieve. However, according to Lukášová [1], an absolute identity is not suitable, because certain degree of conflict creates room for the formation of new strategies. On the other hand, it is obvious that if a company has strong corporate culture, which is not consistent with the selected strategy, it would be very difficult for such company to achieve its strategic goals. It is necessary to understand that there is a mutually determining relationship between strategy and corporate culture. The content of culture affects the formation, content, and execution of strategy; the content of strategy leads to the formation of certain type of culture.

Specialized literature more and more presents an opinion that the *human*

resources management strategy is a key element for companies' success. Livian and Pražská [3] mention three models of the human resources management:

- The first model, which had dominated for a long time, emphasizes the management instruments. In this situation, the human resources management relies on rational decision-making, which is ensured by general directors and by the company's economic strategy. This model was mainly applied to the management of socialist enterprises. However, it is necessary to point out that it still, in a way, persists in the management of many newly formed companies in the post-communist countries.
- The second model focuses on negotiation and decision-making of managers and seeks compromises between social and economic goals. This model was being developed in 1970s in North-American and European companies. With regard to the Czech Republic, it is possible to mention Tomáš Baťa, who applied this model in his company in Zlín in 1930s.
- Finally, the third model respects the fact there may be various contradictions and tensions in respect of economic, social, and human goals.

According to Stýblo [4], the planning of human resources ensures the right people in the right place within an organization; therefore, the content of the human resources strategy should comprise the following areas:

- Selection process;
- Education of employees;
- Motivation and stimulation of employees, with an emphasis on their development;
- Teamwork;
- Communication;
- Health and safety of employees at work.

Urban [5] provides the following rules for healthy corporate culture: a company should operate as a team, should promote open communication, and should create strong motivation and organizational identity. Therefore, the company should focus on the management of such areas in order to have satisfied and loyal employees, who are an essential premise of healthy corporate culture; this naturally results in higher value for customers. It is clear that in the case a company wishes to have healthy corporate culture, which is one of the pillars of a company's success, it must sufficiently focus on the management of individual areas of the human resources management strategy. According to Bednaříková [6], it is likely that an unsatisfied employee will finally "lead" to an unsatisfied customer. In the case a customer meets an emotionally negative employee in any link of the supply chain, we can hardly assume the customer will receive the expected value. This can frustrate all efforts of a company.

Armstrong [7] states that the general goal of *acquiring and selecting employees* should be to recruit such number and such quality of employees, which are desired for a satisfactory fulfillment of the company's need for human resources, all this while expending minimum costs.

According to Stýblo [4], it is first necessary to identify the necessary capabilities for a correct selection of employees; companies should select employees according to their attitude and then according to their skills, because individual's conformity with the values and culture of an organization is crucial — i.e. the so-called “psychological contract” between an individual and a company. In the case a company correctly organizes and prepares the employee selection process, it can find out what an applicant expects from his/her future job and what he/she intends to offer to his/her employer. Furthermore, this will assist the company in revealing the harmony/disharmony between the views of an employee and the corporate culture. Thorough selection process may be demanding in respect of time and financial resources. However, if the risk of wrong selection is high, such resources are necessary.

Stachová [8] states that the data necessary for the selection of employees are mainly collected with the use of psychological methods (e.g. graphology analysis of an applicant's written application, analysis of his/her report card, analysis of the former employer's evaluation etc.) and psycho-diagnostic methods (e.g. sensory, personal and/or kinetic tests).

Crucial part of the employee selection process is an interview with an applicant. The company management should bear in mind that this primary contact plays an important role not only for the employer, but especially for a potential employee. For this reason, the interview should take place within a pleasant environment, positive atmosphere, and on a professional level. According to Bednaříková [6], the right employee selection process represents the first step in preventing undesired fluctuation.

The key objective of *education of employees* is for a company to increase its human capital in value as it is a company's most valuable asset. It is necessary to realize that company education is one of the employee benefits, because education results in the fulfillment of the needs of both the company and its employees, as the satisfaction and competitiveness of employees increase both on the intra-company and external labor market. According to Bednaříková [9], the development of employees is not just one of many forms of employee care. Today, it also takes on the role of information/knowledge creator and provider of dynamic level of education. In order to create, manage, and allocate knowledge where it can be applied in the best possible manner, it is necessary to establish such corporate culture, which is based on information sharing and permanent learning.

The principal condition for success and effective performance of a company is, without any doubt, qualified and educated top management (as a source of the company's competitive advantage), which promotes educational system of all

employees based on their capabilities. For this reason, some companies invest considerable resources in the area. According to Lošťáková [6], the success of companies depends on their ability to convert acquired knowledge, skills and experience of staff into competitive products and services. The situation in some Czech companies in the area of employee education is not satisfactory.

If companies ask the highest possible performance from their employees, it is necessary to pay a great deal of attention to the most suitable methods of *employee stimulation* using such tools, which will result in the desired motivation. Only highly motivated employees will identify with company goals and will be willing to adapt their personal goals to them. According to Armstrong [7], the motivation theory explains why people behave in certain manner at work, why they make specific efforts. Herzka [10] states that most negative causes, which are reflected in the work performance, are related to motivation. The causes of behavior of employees represent a difficult issue, which requires more and more attention of both economists and psychologists.

Stachová [8] provides the following diagram of the motivation process (see Fig. 2).

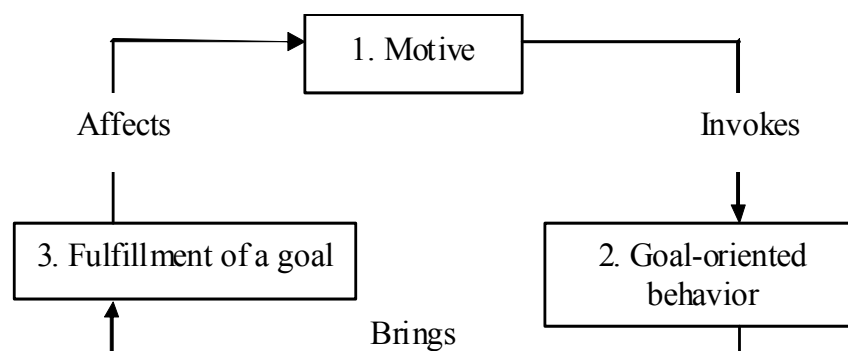


Fig. 2 Motivation process model [8]

The stimulation process is much more difficult than managers of individual companies sometimes realize. It would be absurd to believe that a single approach to stimulation will suit all employees. According to Khelerová [11], for example, salary tends to be less important for higher and top management. They prefer the possibility for self-fulfillment, achievement of success, career, and job content. It is not that salary is unimportant; however, relevant remuneration is implied for higher positions. Specialized literature offers several theories dealing with motivation, such as Herzberg's theory, Maslow's theory, theory of justices, and many others.

According to Bednaříková [6], effective stimuli for other categories are communication and overall awareness of employees, evaluation of employees' complex performance, education, working relations or provision of corresponding working conditions (e.g. health and safety at work, acceptable working hours,

etc.). Hyršlová and Bednaříková [12] state that approach, form of communication, applied management style, and the time and effort of management and personnel specialists dedicated to other employees of a company will reflect in their motivation and overall performance.

To establish healthy (or rather ideal) corporate culture in a company, the company employees must operate as a *team*. The presumption of this system functioning is that team members trust each other, support each other, and together strive to achieve company goals. Individual employees must understand their role within the company. Achievement of the situation, in which a company operates, is first and foremost the task of its management. According to Urban [5], team organization and utilization of teams have lately been more and more common. However, a group of people does not always behave as a team, even though it is labeled as one.

Implementation of teamwork makes sense if it can increase the performance of employees working individually, decrease costs, accelerate communication and make it more effective, improve decision-making etc. Appropriately introduced teamwork may serve as a tool for decreasing workloads, increasing entrepreneurial thinking, and work devotion and satisfaction of employees themselves.

A team represents a certain group of people, which is formed deliberately for fulfilling certain goal, usually for a specific period of time. However, even a permanent operation of teams within a company is not an exception. Team members are appointed irrespectively of their position within a company and should have an equal position in a team. Team members are responsible for contributing to the achievement of set goals on the basis of their knowledge and skills.

Company communication plays an irreplaceable role in forming the standpoints of employees in respect of a company. Company communication is mainly used as a tool, which can be utilized by managers to affect work positions, activity, and behavior of employees with the use of their power and authority, appropriately applied management style, effective methods of stimulation, and remuneration. The level of company communication is based on the level of corporate culture. According to Urban [5], healthy corporate culture presupposes open communication, timely and constructive resolution of any conflicts, listening to others, focusing on the subject matter and ideas (not on their originator) and willingness to compromise. The author views the effort of employees to cooperate rather than compete as a display of healthy communication. It is very important for the healthy communication to exist not only among employees on the same level but also among superiors and inferiors [6].

According to Armstrong [7], two-way communication is mainly necessary so that the management could continuously inform employees about individual areas of corporate policy and company plans relating to such employees, and employees could immediately share their opinions relating to the intentions and

measures of the management. The intra-company communication strategy should be based on the analysis of what the management wants to say, what employees want to hear, and problems existing in the course of providing and receiving information. Such analyses may be used to identify which systems are to be formed and what educational programs are necessary for these systems to operate. According to Armstrong [7], company communication systems include electronic, written (company magazines, newspapers, bulletins, notice boards, etc.) and verbal (meetings, group briefings, etc.) systems.

The *health and safety at work* policies and programs are aimed at protecting employees and other individuals affected by the company's production/operations from the danger related to their work or their association with the company. The health at work programs deal with prevention of health damage due to working conditions. According to Armstrong [7], it is necessary to achieve the highest possible level of health and safety at a workplace, because elimination or at least minimization of health and safety risks represents a moral as well as legal obligation of employers. In the case the top management wants to prove it addresses the protection of company's employees it is necessary to prepare a written health and safety at work policy. Furthermore, it must ensure all employees are aware of such policy — i.e. it must communicate it well. Such policy comprises [7]:

1. Declaration of objective;
2. Definition of means utilized to execute the given objectives;
3. Rules applicable to all employees.

The company's fulfillment of values and goals in this area is examined by the health and safety at work audit.

Finally, the attractiveness of a company as an employer may be affected by an *involvement* of a company in various *voluntary activities (programs)* aimed at emphasizing the corporate social responsibility (see Ref. [13]). This includes, for example, implementation and utilization of quality management systems, environmental management systems, or the management systems of health and safety at work. Companies also take part in the Corporate Social Responsibility initiative (or the Responsible Care program). Through the participation in the aforementioned programs and initiatives, a company demonstrates to its existing and potential employees (as well as other stakeholders) its approach to management and continuous improvement of quality, environmental protection, health and safety at work, and other social aspects of business activities. Companies thus declare their position on sustainable development. Long-term, systematic application of responsible conduct in all three areas (economic, environmental, and social) brings many benefits for the company, e.g. higher economic growth, greater transparency of business operations, lower risk management costs, better relations with external entities and other stakeholders,

as well as higher loyalty and productivity of employees. Therefore, it concerns long-term investments in the company development and in higher attractiveness of a company as an employer.

Basic Results of Research Performed in Member Companies of the CACS

The research aimed at corporate culture from the perspective of the contemporary management was carried out in the first half of 2010. It also addressed the area of impact of corporate culture on the attractiveness of a company as an employer as well as other aspects, which — in the view of respondents — affect the attractiveness of a company as an employer. The research was performed with the use of questionnaires. It approached the representatives of management in companies, which are members of the Czech Association of Cleaning Stations (hereinafter the “CACS”). The mission of the CACS is to contribute to higher quality of products transported in cisterns, containers, and other bulk packaging. The association is a full-fledged member of the European Federation of Tank Cleaning Organizations (EFTCO) as well as a collective member of the Association of Chemical Industry of the Czech Republic (SCHP ČR). The following member companies of the association took part in the research [14]:

- BOHEMIA CARGO, s. r. o.;
- ESA, s. r. o.;
- GS SOKOTRANS, s. r. o.;
- HARVIS, s. r. o.;
- Karel Nedorost – AQUETRUCK;
- KOVOPROGRESS, spol. s r. o.;
- Moody International, s. r. o.;
- Pražské služby, a. s.;
- SPETRA CZ, s. r. o.;
- UNIPETROL DOPRAVA, s. r. o.; and
- VADS, s. r. o.

The research resulted in the following basic conclusions:

- Respondents stated that in their view, corporate culture significantly affects the company's performance. 60 % of respondents confirmed that the corporate culture formation process is systematically driven by the company's management and described corporate culture as strong – i.e. strongly affecting “life” within an organization. 80 % of respondents believe corporate culture is in line with the company's strategy. However, most companies (80 %) do not perform the corporate culture audit – i.e. do not have any feedback on the management effectiveness of the corporate culture formation process.

- Nine respondents believe they are attractive employers; however, only 4 companies have implemented a mechanism for assessing their position as an employer (through questionnaires or personal interviews). All respondents believe that corporate culture is one of the elements which can affect attractiveness of a company as an employer.
- With regard to the human resources management strategy, respondents believe stimulation and remuneration method play the most important role in the attractiveness of a company as an employer. Also important are: communication, health and safety at work, and education process.
- 80 % of respondents confirmed that, in their view, a company's involvement in voluntary activities and program positively affects the attractiveness of a company as an employer.

Conclusion

One of the important factors affecting the attractiveness of a company as an employer is, without any doubt, corporate culture. The significance of corporate culture is ever increasing in today's highly turbulent environment. It is a factor, which unambiguously affects the company's performance and management effectiveness of the given organization. It is one of the relevant pillars of successful business operations. Generally speaking, it is a practical execution of corporate identity. All employees of a company, including the top management, take part in the formation of corporate culture. Corporate culture is one the soft tools of management; it comprises certain basic elements, such as values, standpoints, behavior standards, and artifacts. It can be subdivided into several levels depending on the extent to which individual levels are visible for an external observer. It is necessary to emphasize that corporate culture does not always have to benefit a company. Sometimes, it can be a strong drag — e.g. during a change management process, implementation of innovations etc. Corporate culture must be seen in the context of the company's strategic management. Each company must realize that corporate culture affects not only existing but also potential employees.

To increase the attractiveness of a company as an employer, a company must pay sufficient attention to individual activities, which are part of the human resources management strategy. These activities affect the quality of the company's human capital. It is apparent from the performed research that the companies in the area under review are well aware of this. They consider the following aspects to be the most important in terms of the attractiveness of a company as an employer: method of stimulation and remuneration of employees, form of communication in a company, health and safety at work, and education of employees. Also relatively important is the companies' involvement in voluntary

activities and programs, which are aimed at environmentally friendly operations and at respecting other principles of sustainable development.

Acknowledgements

This work was supported by the Ministry of Education, Youth and Sports of the Czech Republic under project No. 1M0524 (Research Centre for Competitiveness of Czech Economy).

References

- [1] Lukášová R., Nový I.: *Organizational Culture* (in Czech), Grada Publishing, Prague, 2004.
- [2] Dytrt Z., Brodský Z.: *Company Culture* (in Czech), Univerzita Pardubice, Pardubice, 2008.
- [3] Livian Y.F., Pražská L.: *Human Resource Management in Europe – Comparison with Czech Republic* (in Czech), HZ System, Prague, 1997.
- [4] Stýblo J.: *Contemporary and Future Management* (in Czech), Professional Publishing, Prague, 2008.
- [5] Urban J.: *Personnel Management in Organization – Personnel Dimension of Management* (in Czech), ASPI, Prague, 2003.
- [6] Lošťáková H., Bednaříková M., Branská L., Dědková J., Janouch V., Jelínková M., Nožička J., Pecinová Z., Somová J., Vávra J., Vlčková V.: *Differentiated Relationship with Customers* (in Czech), Grada Publishing, Prague, 2009.
- [7] Armstrong A.: *Human Resource Management* (in Czech), Grada Publishing, Prague, 2002.
- [8] Stachová A.: *Personnel Management* (in Czech), Slezská univerzita Opava, Karviná, 1997.
- [9] Bednaříková M.: *Social Aspects of Sustainable Development and Their Connection on the Employee Turnover* (in Czech). In: Proceedings from International Scientific Conference Management of Human Potential in Company, pp. 93-99, Technical University of Zvolen, Zvolen, 2008.
- [10] Herzka P., Fuksová N.: MANEKO 2, 126 (2009).
- [11] Khelerová V.: *Communication and Business Skills of Manager* (in Czech), Grada Publishing, Prague, 2006.
- [12] Hyršlová J., Bednaříková M.: *Social Aspects of Sustainable Development and a Corporation, Proceedings from International Scientific Conference Sustainability Accounting and Reporting at Macroeconomic and Microeconomic Levels*, pp. 54-61, CES, Prague, 2007.

- [13] Spiring K.: *Social Performance and Competitiveness, A Socio-Competitive Framework*. In: Schaltegger S., Wagner M.: *Managing the Business Case for Sustainability, The Integration of Social, Environmental and Economic Performance*, Greenleaf Publishing, Sheffield, 2006.
- [14] CACS [on line], [cit. 2010-7-15]. Available from <http://www.cacs.cz/>.