

# EMPLOYER BRANDING – IMPOSED NEED ON THE MACEDONIAN LABOUR MARKET

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**Abstract:** The current state of the labor market indicates an increasingly pronounced trend of a lack of adequate workforce. This situation is further deepened by the emphasized trend of external migrations. One of the initial effects of migrations is the emergence of a lack of certain categories of workers with specific types of knowledge and skills, which in the long term, as well as in the short term, can reflect negatively on the human capital of the sending country. One of the most widespread concepts for successfully dealing with the deteriorating conditions on the labor market is employer branding. Even though this concept is relatively new, it is widely accepted and implemented by the biggest multinational companies.

The aim of this paper is to give an account of migration trends in Macedonian society, and the impact of these trends on the human capital situation. In addition, through an analysis of the presence of the concept of employer branding in some of the largest and most recognizable companies in Macedonia, the extent of recognition of this concept among Macedonian companies would be determined. In doing so, the official social media accounts and websites of these companies were analyzed, that is, the contents and announcements through which the employer branding strategy of these companies can be recognized. In the findings of these analyses, it is stated that the concept of employer branding has been recognized and implemented among large Macedonian companies, and various activities and initiatives are undertaken to establish them as a desirable employer. In addition, employer branding positions have been introduced within the HR or marketing departments. But presenting these initiatives through social media represents the initial stage of developing an employer branding strategy. If Macedonian companies want to establish themselves successfully and in the long term, as a desired employer, they will have to develop complex and comprehensive strategies for employer branding.

Keywords: employer branding, employee value proposition, labour market, migration

Field: Social sciences

## INTRODUCTION

Considering the conditions of the labor market imposed the need to change the perception of the companies about the attraction and retention of quality staff. In the past 10 years there have been trends and changes on the labour market that justified this need. Firstly, the economic globalization and the open market have facilitated the flow of human capital. Further, many reports and analysis confirm that the migration of the human capital has significant impact at the overall development of destination countries as well as sending countries. And while all analyzes indicated that migrations stimulate overall growth and innovation in destination countries, the question remained open as to whether migrations stimulate the development of countries of origin or, on the contrary, hinder such development (Bastia and Skeldon, 2020).

The consequences of external migrations are numerous and complex, as they are particularly manifested on the human capital, the available labor force and the labor market of the sending countries. The impact of migration on the countries of origin of migrants is reflected in different spheres, but the primary effect of emigration is the reduction of the number of workers in those countries (UN DESA, 2004). Moreover, negative labor supply effects appear in the early stages of migration, when large numbers of people, mostly economic migrants, decide to leave their home country to seek employment and better living conditions elsewhere.

With these changes in the Macedonian labor market, organizations are faced with a new challenge – reaching a quality workforce where it is already becoming a limited resource. Hence, on the Macedonian labor market, there is increasingly intense competition between employers in the direction of attraction, recruiting and retaining quality staff, which in turn stresses the need for the implementation of a new

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concept for employers how to be attractive on the labor market - employer branding. The concept of employer branding at a very early stage in the Macedonian labor market, but it is certain that larger organizations are investing and starting to undertake serious activities in that direction. In this paper, ten of the biggest and most recognized companies from various industries in Macedonian society, will be analyzed in terms of employer branding and what activities they undertake in that direction.

## **EMPLOYER BRANDING – CONCEPT FOR ATTRACING AND RETAILING TALENTS**

The most valuable resources for every company are the people, the workforce, talents, human resources. Several years ago, companies that put table tennis or picado in their office space, were pointed out as positive example of employer branding. Today, employer branding represents a overall organization strategy, aiming to create a value for current and potential employees. Having in mind the migration on the Macedonian labour market, companies are in situation to struggle for the talents. Hereby, the employer branding imposes as a strategy for attraction and retaining tablets.

Employer branding is a relatively new approach for recruiting and retaining human resources within a increasingly competitive labour market. The term is often used to describe how organisations is positioning on the labour market, communication and maintaining loyalty of the employees “promoting both within and outside the firm, a clear view of what makes a firm different and desirable as an employer” (Backaus and Tikoo, 2004). Employer branding concept arises from relationship marketing principles (Christopher, Payne and Ballantyne, 1991; Kotler, 1992; Morgan and Hunt, 1994), which refers to building closer relationship with crucial stakeholders. American Marketing Association defines brand as “a name, term sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller group or group of sellers and to differentiate them from those of competitors” (Backhaus & Tikoo, 2004). The concept of “brand” has a “personality” from the consumer’s point of view (Gardner and Sydney, 1955). Further more, brand emphasis trustworthiness, Kosnik’s ‘CRUD’ test assesses the extent to which brands are Credible, Unique, Reliable and Durable (Kosnik, 1991). Even the term is associated with marketing field, the employer branding is mostly used in human resources strategies on attracting and retaining talents.

The concept of employer branding was introduced by Tim Ambler and Simon Barrow, according to which the employer is presented as a brand, and employees as customers (Ambler and Barrow, 1996). According to them employer brand refers to “the package of functional, economic and psychological benefits provided by employment, and identified with the employing company”. Thereby, speaking of employer brand beside the economic, we are also considering the psychological benefits to employees. Employer branding brings significant benefits to the organizations such as: lower cost per hire, faster time to hire, lower employee turnover, savings on salaries, helps to attract qualified candidates, improve company performance (Priya and Raman, 2021). Common to all these aspects is the recognition of the very important intangible asset created by the relationship between employees and the employer organization. Employer brand refers to identity that the organization presents to the public.

## **EMPLOYEE VALUE PROPOSITION – REASON TO BELIEVE IN THE ORGANIZATION**

Defining employee value proposition is actually defining the reason why employees (or potential employees) perceive the organization as a great place to work. The employee value proposition doesn’t end with breafinig note from communication department or additional incentive once a year. This concept is more likely connected with “the big idea” that organization is striving to achieve – the vision, the mission and the values. Hereby, the employer branding and employee value proposition is often overlapping with the corporate culture and the reputation. Richard Jones described a “big idea” as something that will: ‘Create a special and palpable spirit within the business and appeal equally to people inside and outside the organisation (Jones, 2000).

Tailored ‘packages’ are generally described as Employee Value Propositions (or EVPs). The EVP is not just a tailored financial package, but a summary of the other specific benefits promised to different target groups (Barrow and Mosley, 2005). According to Barrow and Mosley (2005), employer brand refers to functional and emotional benefits that employer offers to employees. Thereby, today it’s not enough to offer a performance related pay or safe working environment. Speaking in terms of employer branding and employee value proposition, the organization have to redesign these element in competitive advantage as for example top quartile pay, a highly attractive working environment, cutting edge technology.

Employee value proposition can be observed in delivering value in untenable aspect. The emotional

engagement with the organizational and the psychological benefits have to be taken into consideration too. Latest research confirm that the pay isn't leading motivation factor any more. This is why attention is given to the organization culture, emotional engagement and employees' satisfaction.

## THE IMPACT OF MIGRATION ON THE MACEDONIAN LABOUR MARKET

International migration is one of the most noticeable consequences of globalization. Taking advantage of improved transportation and communications, and driven by the world's great economic and social inequalities, people are increasingly moving across national borders in an effort to improve their and their families' well-being. In the past few decades, following the increasing international flow of goods and capital, the international movements of people around the world have also intensified significantly. (UN, DESA, 2019) Taking into account the continuous and intense increase in migrations, as well as the changes in terms of the types of migrations and the routes of movement of Macedonian citizens, it is quite justified to highlight the impact of migrations on the provision of adequate and qualified staff by companies in Macedonia.

According to the 2002 census, a total of 2,022,547 inhabitants lived in Macedonia. In the 2021 census, that number decreased to 1,836,713 inhabitants or by 185,834 inhabitants (9.19%). (State Statistical Office, 2023b). According to the data of the State Statistical Office of Republic of North Macedonia, in the period from 2015 to 2021 (for the period before 2015 the MAKStat database does not have data) a total of 4,271 citizens moved out of the country (State Statistical Office, 2023c). Moreover, if these data are compared with any of the established international statistical bases, a big difference will be noticed. So, according to the census data from the destination countries, which are mostly countries from Western Europe and North America, more than 500,000 Macedonian citizens live outside the country (World Bank, 2019). In other statistical bases, these numbers are even higher, so according to the Migration Data Portal (2023), the total number of emigrants from North Macedonia in 2020 was 693,900 citizens. At the same time, the largest percentage of them are the workforce population, around 55.9%, while 15.7% are migrant children (that is, under 19 years old). In the 2022 OECD analysis, the six economies of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) indicate that their emigration rate has increased by 10% over the last decade. Therefore, today, about a fifth of the population of these six countries from the Western Balkans lives outside their countries (OECD, 2022). In IOM's World Migration Report 2020, Macedonia is in the group of 20 countries with the highest rate of emigrants for 2019, that is, in 19th place. According to these data, the Macedonian diaspora, compared to the total population of the country, is one of the largest diasporas in the world (IOM, 2021).

In addition, the emigration of young and highly educated individuals is increasingly reflected in the labor market. In the analysis of the World Economic Forum presented in the Global Competitiveness Report for 2019, in which 141 countries were covered, Macedonia is positioned in 125th place according to the degree of availability of highly qualified workers (Schwab, 2019). At the same time, it is indicated that the imbalance between the demand and supply of labor force on the labor market is increasingly emphasized. Macedonian companies are increasingly facing difficulties in finding appropriately qualified staff, which in the long run results in limiting the capacity for further investment, and thus the development of the companies. According to the World Bank Group's analysis (2019), the lack of human capital in Macedonia starts early and widens over time. Most of the unemployed lack work experience, while Macedonian companies offer few opportunities for professional development. In addition, the current trend in preschool enrollment is very low, while international test scores are deteriorating. For example, on the standardized tests of the Program for International Student Assessment (PISA) for 2015, Macedonia was ranked among the last five countries, far behind comparison countries such as Albania, Montenegro, Moldova and Georgia. In addition, this analysis (World Bank Group, 2019), highlights that this downward trend in education, at all levels, has been present for 15 years, which indicates that the Macedonian education system does not provide students with the necessary knowledge and skills.

If we add to this the continuous decline in natural growth in the period from 2001 to 2021, which in the period from 2019 has a negative sign, more pronounced in each subsequent year, the need to develop a employer branding strategy is more than obvious (State Statistical Office, 2023a). Moreover, the continuous outflow of the working population to other countries, the poor qualifications of the unemployed and students, as well as the extremely bad demographic trends, point to the implementation of an employer branding strategy as the best solution to deal with the current conditions on the Macedonian labor market.

## MACEDONIAN COMPANIES COPING WITH THE EMPLOYER BRANDING CHALLENGE

For the purpose of this paper, several big companies from different industries were analyzed from the aspect of employer branding. The aim of this analysis was to acknowledge whether and in which way Macedonian companies practice employer branding. The analysis was based on secondary source information, namely social media and online available information with the aim of recognizing what value proposition are organizations offering to their employees. In doing so, some of the largest companies by revenue were analyzed, as well as some of the larger banks: EVN – electric power distribution; Makedonski Telekom – telecommunications; A1 – telecommunications; Makpetrol – distribution and trade with oil products; Okta – refining, distribution and trade of crude oil, oil derivatives and petrochemicals; Pivara Skopje – production of beer and beverages, Alkaloid – production of drugs, cosmetics and chemical products; NLB Bank; Stopanska Banka, and Halk Bank. The official social media accounts and websites of these companies (primary LinkedIn as a professional network) were monitored between September 2022 and February 2023. In the specified period, the posted contents and announcements, which according to the content and context, can be subsumed under the concept of employer branding, were separated and analyzed.

The analysis resulted in the following findings:

- Employer branding is introduced as a concept among bigger organizations and they undertake different activities connected to the employees to build and to present their brand as desired employer
- Employer branding is considered to stand out as a job position, usually within the HR or Marketing Departments of the analyzed organizations, which gives an additional value
- Several activities are common and were recognized by almost all analyzed organizations, such as promotions of employees participation in City marathon, team building or sports activities, social responsibility events, interviews with the managers
- Employees' training and development is also seen as important element of the employer branding having in mind that the opportunities to develop, train and grow are important motivation factors. In doing so, the companies promote the training sessions held for the employees
- Cooperation between universities and business is also used for employer branding. Companies organize various educational events for students in order to share practical knowledge, while connecting theory and practice. On the other hand, these events connect the organization with the students creating a pool of potential candidates for employment. In order to connect with potential employees, organizations offer internship opportunities and grant scholarships to top students.
- Promotion of the career path, recognition of the best employees is also seen as employer branding practice among analyzed organizations.
- Promotion of jubilees as recognition of loyalty of the employees
- Promotion of other benefits for the employees, presents for occasions, posting satisfied faces of the employees is used as another way to promote the organizational culture

To sum up, some of the biggest Macedonian companies are becoming aware of the importance of employer branding in attracting and retaining talents. Still, main focus of employer branding is social media promotion of the activities the aiming to build the reputation of desirable employer. Having in mind the actual labour market and the migration trends, Macedonian companies should not be satisfied only with LinkedIn post and long time ago adopted HR practices. What should not have to be dismissed is that Macedonian labour market is relatively small and hereby "word of mouth" have very big influence in building reputation of the organization.

This lead us to the need of taking into serious consideration of creating strong employee proposition value and employer brand, not only on social media, but also in the core of organization operations - process, benefits and corporate culture. Satisfied employees are the best employer brand for the organization.

## CONCLUSION

Considering the situation on the labour market caused by process of migration and globalization, in the so called "war for talents" Macedonian companies need a strategy to attract and retain limited resources. Some of the biggest Macedonian companies are aware of this need, and undertake activities in employer branding direction. However, apart from the financial benefits policy (which information is usually confidential and hard to get), most of employer branding activities are focus on already seen HR

practices with intensive promotion on social media – team buildings, sports activities, social responsibility activities, interview with the managers, best employees etc.

However, Macedonian companies shouldn't stay only on social media promotion, but have to go deeper in designing overall employer branding strategy, in order to be desirable employer on the labour market. Hereby, the employee value proposition should be created not only on financial, but also on emotional benefits that the employer is offering to potential and current employees.

Companies should always have to be in line with their employees' needs, in order to provide satisfaction. Having in mind that creating employee satisfaction is a complex process, it involves not only HR team, but also higher, middle and lower management of the company.

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## ADDITIONAL SOURCES

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