

# Impact of Employer Branding on Employees' Attitude

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## Abstract

With the increasing emphasis on branding, employees as well as customers have become brand conscious. This study seeks to check the influence of employer branding on employees' attitude. This is an empirical study. Data were collected from 140 employees of private banking organizations. Secondary data that has been taken from journals, articles, reports and web sites, is also used for the study. This study identifies important determinants of employer brand. It also highlights the perceived level of importance of various dimensions of branding on employees' attitude. The finding of the study might help management practitioners to make effective strategies and foster a healthy relationship between the employer and the employees.

**Keywords:** Employer brand, Employees' attitude, Employer branding strategy.

## 1. Introduction

Initially, branding was used to differentiate products but now a days it is used to differentiate people, as people associate themselves with different brands (like i- phone user or apple user). Brand may be any term, name, logo, sign, design or a combination of all these that differentiates a product from competitors (Kotler & Keller, 2007). The use of branding principles in human resources (HR) is known as employer branding (Backhaus & Tikoo, 2004). Just as customers are attracted towards branded products, today's talent are also wants to work for a reputed or branded organization. The concept of employer branding is new in human resource management and came in focus in 1990 when Tim Ambler and Simon Barrow introduced the term. Later it was publicly defined by them in 1996 in their paper 'The Employer Brand'. Employer brand is defined as "the package of social, psychological and functional benefits provided by the employment and identified with in the employing company"(Ambler & Barrow, 1996).

There is a war for talent (Michaels et al., 2001) and organizations are facing the problem of attracting suitable talent and sustaining the talent. This challenge faced forced organizations to work for transforming their organization as an employer brand i.e., an attractive and desirable place for employees to work (Backhaus & Tikoo, 2004). Employer branding is the communication of employee value proposition that is, offering by the employer to employees in tangible and non-tangible forms. An effective employee value proposition can increase commitment up to 29 percent and decrease compensation premium up to 50 percent (Corporate Leadership Council, 2006).

Externally, employer branding helps to attract potential hires and internally it is used to retain employees, increasing productivity, motivating employees, and increasing loyalty of employees (Backhaus & Tikoo, 2004). Studies have shown that employees want to work for an organization that provides them good working conditions, development facilities, cooperative work environment and the ambience to use their skills (Nigel Wright Recruitment Survey, 2011). Now organizations are striving to establish themselves as employer brands. In India 24 percent organizations have well defined employer brand strategies and 26 percent are working on it (TJinsite survey, 2012).

## 2. Review of Literature and Hypothesis Development

Ambler and Barrow (1996) tested the relevance of the term branding in human resource management. They stated that if brand marketing and human resource management come in a single framework then close relations would develop between employees and the organization. This will create loyalty and trust in the organization. Backhaus and Tikoo (2004) conceptualized and researched the concept of employer brand and stated that employer brand projects the organization as an attractive employer for potential hires and influences the loyalty and productivity of existing employees.

Edwards (2010) found that when there is a strong perception of employees towards an employer image and identity, it creates higher levels of employee commitment and identification. It also results in higher level of talent attraction. Sokro, (2012) stated that employer branding is positively related to attraction and retention of employees. Good working conditions, career development, core values of the organization are foremost reasons for talent attraction whereas opportunity for growth, job security, company image are significant reasons for retention of employees.

Berthon et al. (2005) developed a scale to measure employer attractiveness for potential hires. They identified five main dimensions namely, economic, social, developmental, application and interest value, that makes an employer attractive or otherwise. Jiang and Paul Iles (2011) found that employer branding determinants such as, economic, developmental, social, interest and brand trust, create internal and external employee based brand equity and organizational attractiveness. Schlager et al. (2011) empirically tested the impact of employer branding on employees' attitude, especially in the service industry. They identified economic value, developmental value, social value, diversity and reputation value as the main employer brand dimensions. These dimensions show a positive impact on employees' satisfaction and identification. Nigel Wright Recruitment and researchers from Durham University Business School conducted a survey (2011) among potential employees in Europe on employer branding and found that social value, economic value and developmental value have maximum influence on the decision of employees to join any organization. Sivertzen et al. (2013) used the employer attractiveness scale (empAT) in Norway and found that economic, developmental, social, interest and application values proved important for potential employees. Corporate reputation is also considered as an important dimension for employer attractiveness. Researchers (Cable & Graham, 2000; Cable & Turban, 2001) concluded that reputation of the employer influences the job seekers' intention to apply for a job. Celani and Singh (2011), while discussing the central role of signaling theory in recruitment, identified that employers with more or

higher reputation will attract more and better quality potential talent.

## 2.1. Employer Branding Dimensions

Collins and Stevens (2002) concluded that employees' intention to apply for a job depended upon two main dimensions of the employer - general attitude towards the company and perceived job attributes. This study included three main dimensions: Economic value, developmental value, social value of the EmpAT scale (Berthon et al., 2005), and one additional dimension i.e., corporate reputation value (Schlager et al., 2011) since literature signaled that it is important for studying employer brand influence on employees' attitude.

**2.1.1. Economic Value:** Ambler and Barrow (1996) found that employer brand also provides benefits like product band in developmental, economic and psychological forms. So, the first dimension taken for the study is economic value that is given by Berthon, Ewing and Hah (2005) in the EmpAt scale. Economic value means the benefits provided by the employer, in monetary and non-monetary forms, to the employees. It includes good salary, retirement benefits, attractive compensation package, good promotion opportunities etc. Sanchez and Brock, (1996) identified that salary is related to job satisfaction and commitment of employees. Higher the salary, higher the satisfaction level of employees. Schlager et al. (2011) also proved that economic benefits like good salary, good retirement benefits, fair amount of vacation, good health benefits and high job security have a significant relationship with employees' satisfaction. Weathington, (2008) found that employees gave importance to both monetary and non monetary benefits. Non monetary benefits like retirement benefits, medical benefits etc. have significant influence on employees' perception of a job

Based on the above discussions, the following hypotheses were framed:

H1: There is a significant relationship between economic value and employees' attitude.

**2.1.2. Developmental Value:** The second dimension taken for the study is developmental value. Researchers (Berthon et al., 2005; Schlager et al., 2011) stated that

developmental value constitutes access to career enhancing activities, spring board for future employment, recognition for good work, training opportunities, mentoring culture, empowering environment etc. These variables influence employer image and have relationship with talent attraction and employees' satisfaction. Tansky and Cohen (2001) investigated the positive influence of developmental programs on employee commitment and satisfaction. Lee (1971) studied employees' perception regarding current and future growth and performance reward, and highlighted their positive relationship with organizational commitment of employees. Saari and Judge, (2004) identified that the career development chances in an organization have significant influence on employee attitude. According to Douglas McGregor, employees who belong to generation Y are more career directed and want to be a part of the organization that provides them career growth opportunities, empowerment, creative work culture etc.

Thus, we propose the following hypothesis:

H2: There is a significant relationship between development value and employees' attitude.

**2.1.3. Social Value:** The third dimension taken for the study is social value. Berthon et al. (2005) stated that having good relationship with superiors and colleagues, supportive and happy work environment, respectful environment etc. have influence on employer attractiveness. Schlager et al. (2011) show a positive relationship with employees' attitude to increase in satisfaction and identification. Saari and Judge (2004) stated that behavior of superiors and colleagues, work culture in the organization have influence on employees' attitude, leading to satisfaction or dissatisfaction. Bhatnagar and Srivastava, (2008) concluded that the feel good factors at the organization, friendly work culture, helpful superior etc. should be communicated to the prospective hires to attract them. Backhaus and Tikoo, (2004) pointed out that potential employees became part of any organization on the basis of the social value of the company. They want to join the organization that will provide them social approval if they work for it.

Thus, we propose the following hypothesis:

H3: There is a significant relationship between employees' attitude and social value.

**2.1.4. Corporate Reputation:** The fourth and final dimension for the study is reputation value. Studies (Cable & Graham, 2000; Cable & Turban, 2001) have defined it as job seekers' beliefs about how other people evaluate an employer. Reputation of the employer influences job seekers' intention to apply for a job. Employer with better reputation will be more attractive for potential talent. Schlager et al. (2011) also researched that reputation value like good quality products, well known products, innovative products, good reputation of company amongst friends, good brand to have on the resume, influence employees' attitude and their satisfaction level in the organization. Salam et al. (2013) checked the influence of corporate image and reputation on customer satisfaction and loyalty, and found that there is a positive relationship between corporate reputation, image and customer satisfaction and loyalty. It can be expected that similar relationship exists between corporate reputation and employees' satisfaction in an organization. Marty Stuebs and Li Sun (2010) stated that corporate reputation has a positive influence on labor efficiency and productivity. Higher the reputation of the organization, the higher will be labor efficiency and productivity. Also, Archer and Bussy (2006) stated that negative publicity of an organization will adversely impact the employer brand of the organization and its ability to attract potential talent.

Following hypothesis was developed from the review:

H4: There is a relationship between reputation value of an organization and employees' attitude.

### 3. Research Methodology

#### 3.1. Research Design

This study based on both empirical and theoretical investigation.

A sample of 150 employees was taken for the study drawn from three leading private sector banks. Banks considered for the study are ICICI bank, HDFC Bank and Axis Bank since these banks have maximum employee strength and branches in NCR. HDFC Bank

had 76,286 employees in March 2015 whereas ICICI had 67,857 employees in 2015. Axis Bank being the third largest private bank, had 42,230 employees in March 2015. Further the decision of considering private banks, and not government-owned banks, emanates from the observation that private sector banks engage in branding activities; also, data collection and availability of employees is better compared to public sector banks. Another important reason is the availability of branches in most areas of the National Capital Region (N.C.R). Out of total 150 distributed questionnaires, 140 responses were received back. Thus, the average response rate is 93.33 percent.

Data was collected from both primary and secondary sources. Questionnaires and personal interviews were used for data collection. Questionnaire contains 20 questions related to employer branding dimensions namely, economic, social, developmental and corporate reputation. The questionnaire is based on the 5 point Likert scale and personal interviews. Along with primary source data collection, secondary sources like journals, books, websites and articles were also used for the study. For analyzing the data, descriptive statistics (mean and standard deviation) and t-test were used. Mean value of various factors and variables shows the importance of each factor and variable for measuring employees' attitude.

#### 4. Analysis and Interpretation

Table 1 represents the different variables of employer branding, grouped under four factors namely, economic value (F1), social value (F2), developmental value (F3) and reputation value (F4). Mean value and standard deviation of various variables is shown in Table 1. Mean value shows the significance of the variable and standard deviation shows the consistency or variability of responses. Retirement benefits have highest mean score ( $\bar{x} = 2.21$ ) and standard deviation ( $\sigma = 1.021$ ). This depicts retirement benefits as the strongest influencing variable in economic value but with high variability, whereas job security has the lowest mean value ( $\bar{x} = 1.72$ ) representing that this aspect has least contribution towards satisfaction derived by the employees in F1. In the social value factor (F2), social meetings organized

by employer have highest mean value ( $\bar{x} = 1.89$ ) followed by social status enjoyed by the employee because of employer brand ( $\bar{x} = 1.79$ ). Under developmental value, spring board for future has highest mean value ( $\bar{x} = 1.88$ ) with standard deviation ( $\sigma = 0.744$ ). This implies that it is the strongest influencing variable in F3 to retain employees within the organization. Training and developmental programs have least mean value ( $\bar{x} = 1.61$ ) with standard deviation 0.765. On the other hand, good reputation among friends and relatives is the lowest influencing variable of the reputation factor because of lowest mean score ( $\bar{x} = 1.50$ ) with standard deviation ( $\sigma = 0.617$ ). So, it is proposed that this variable is not a strong decision influencer.

Table 2 represents the t-test results. In Table 2, "t" column represents the observed t statistic for each factor, calculated as the ratio of mean difference divided by the standard error of the sample mean. The "df" column displays degree of freedom. The value listed is the probability of obtaining an absolute value greater than or equal to the observed t statistics, if the difference between the sample mean and test value is purely random. From Table 2 it is found that all factors are significant at 95 percent level of significance. This depicts that hypotheses H1, H2, H3 and H4 are accepted. It means all the factors of employer branding i.e., economic value, social value, development value and reputation value, have significant influence on employees' attitude while rating the employer as an attractive employer. This result also reflects that the employees will be highly motivated and will work to their full efficiencies if the above said factors are reasonably present in the organization. The final ranking of these factors can be done by the mean score representations.

Table 3 depicts the mean value and standard deviations of various factors of employer branding. Economic dimension (F1) mean ( $\bar{x} = 1.869$ ) is highest, so it is the strongest influencing factor on employees' attitude towards the organization. Developmental value (F3) is the second highest influencing factor with mean value ( $\bar{x} = 1.8114$ ), followed by social value (F2) ( $\bar{x} = 1.7014$ ) and reputation value (F4) ( $\bar{x} = 1.6814$ ). As Table 3 shows, reputation value have lowest mean value ( $\bar{x} = 1.6814$ )

which shows that it is the lowest influencing factor among all the four determinants of employer branding. On the other side, developmental value has highest variation because it has highest standard deviation ( $\sigma$ ) with value 0.583. Reputation value shows minimum variability in responses and shows highest consistency because of lowest standard deviation ( $\sigma$ ) with value 0.459.

All the factors of employer branding are significant but have different levels of significance for employees. So, an employer should frame strategies for employees on the basis of their importance.

## 5. Discussion

For increasing the satisfaction level of employees, there are some strategies suggested to the managements on the basis of the significance of crucial factors of employer branding. Economic dimensions have maximum significance among all the dimensions of employer branding. In economic dimension, retirement benefits have highest mean score with highest standard deviation. On the other side, compensation packages have comparable mean score with less standard deviation. So, it is suggested that managements should give maximum importance to attractive compensation package followed by good retirement benefits. Attractive compensation package may include attractive and timely salary, proper incentives etc. Retirement benefits can be given in the form of voluntary retirement scheme, onetime payment of providentfund, after retirement health benefits etc. It is the second most significant factor of employer branding. Organizations should focus on providing novel work practices to employees to increase their satisfaction level. Novel work practices may include openness to change in policy matters, creative tasks etc. An employer should frame strategies for the social environment of the organization by giving priority to social meetings organized by the employer. Social meetings can be organized in the form of family gatherings at festivals or success parties of the organization and inter-organizational parties. Get-togethers with close competitors or with best players in the industry can also inculcate faith in employees.

Employees perceive this dimension as the least significant but this dimension also has significance. An organization should promote itself as the best in the category to retain and motivate employees. The same could be done by following ethical practices, especially through quality products and services. Organizations can promote themselves through corporate web sites, social media etc.

## Conclusion

In this study, we examined the perceived importance of various dimensions of employer branding by employees, and its influence on their attitude towards the organizations. It is found that social, economical, development and reputation factors have significant influence on employees' attitude towards an organization and they influence satisfaction, retention and productivity within the organization. It is concluded that economic factor is perceived by employees as the strongest influencer and corporate reputation as the least influencing factor, which affects their satisfaction level within the organization. This study helps employers to frame strategies for the betterment of employees on the basis of employees' preference for crucial factors of employer branding, and simultaneously building its own brand image and attainment of objectives very effectively, efficiently and in time. Employer brand acts as an inspirational tool for motivating and retaining employees in the organization; retaining an employee is much cheaper and a better alternate as compared to attracting newer talent, unless needed. This not only helps in the growth of the organization but also in lowering attrition rate.

Employer branding is a very complex concept and there could be many other dimensions to study the same. This paper has considered only limited dimensions to see the impact on employee's attitude. Further, employees around the world and country in the banking system are varied and this points to the geographical limitation of the study. Not only as employees, but cultural background of the respondents also has an influence on the perception of employer branding. Paucity of time and funds is obviously a limiting factor of the study.

**Table 1: Employer Brand Dimensions**

S.No.	Scale items	Mean value	Std. Deviation
<b>F 1</b>	<b>Economic value</b>		
	I believe that the compensation package offered by the employer attracts me.	1.92	0.857
	I like to work at a place where timely and fair rewards are given.	1.72	0.750
	I closely monitor the way periodic performance is evaluated by the organization.	1.77	0.817
	Retirement benefits affect my performance and motivation at work place.	2.21	1.021
	I prefer a secure job.	1.72	0.841
<b>F 2</b>	<b>Social value</b>		
	I believe in equality of respect and appreciation in an organization.	1.56	0.526
	I enjoy working with an employer with high social status.	1.79	0.827
	Regular social meetings organized by employer makes me happy.	1.89	0.832
	The ease of work and timely help in problems motivates me.	1.69	0.787
	The availability of facilities and cordial environment brings in satisfaction.	1.58	0.612
<b>F 3</b>	<b>Developmental value</b>		
	Regular training and developmental programs give an add-on to the career.	1.61	0.765
	Novel HR work practices boost my performance.	1.90	0.807
	I enjoy power and responsibilities at workplace.	1.81	0.735
	The employer should provide equal opportunities for growth.	1.86	0.801
	The employer brand should act as a spring board in my future endeavor.	1.88	0.744
<b>F 4</b>	<b>Reputation value</b>		
	I believe organizations are what they represent themselves as to the potential hires.	1.53	0.555
	When my friends and relatives compliment me because of my company, I feel proud.	1.50	0.617
	Brand image of the existing employer gives a cutting edge in future jobs.	1.68	0.649
	How the people (employees/ society) feel about the reputation (good/bad) motivates or de-motivates me to be more/less productive.	1.84	0.755
	How I feel about the brand image (best/good/average/poor) influences my decision on longevity of services to the organization.	1.86	0.923

Source: Primary Data; 1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree.

**Table 2: Analysis of Employer Branding Factors on the Basis of T-Test One-Sample Test**

		t	df	Sig. (2-tailed)	Mean Difference
F1	Economic value	39.376	139	.000	1.869
F2	Social value	43.833	139	.000	1.701
F3	Developmental value	36.788	139	.000	1.811
F4	Reputation value	40.090	139	.000	1.681

Source: Primary Data; 1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree.

**Table 3: Analysis on the Basis of Mean Score of Crucial Factors of Employer Branding One-Sample Statistics**

Factors	N	Mean	Std. Deviation	Std. Error
F1 Economic value	140	1.8686	.56148	.04745
F2 Social value	140	1.7014	.45927	.03882
F3 Developmental value	140	1.8114	.58261	.04924
F4 Reputation value	140	1.6814	.49626	.04194

Source: Primary Data; 1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree.

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