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Employer Branding as a Predictor of Employee Retention

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Abstract: Employer branding is most practicable technique without considering the size of the organization to acquire several benefits among their competitors in the world. Most of the organizations engage with higher competition with the talent retention in the present business world. Therefore main objective of this study is to identify the impact of employer branding to employee retention among executive level employees of selected large scale apparel firms in Sri Lanka. The study was carried out among the 245 executive employees of apparel sector in Sri Lanka by using simple random sampling method. The primary data collected by using the structured questionnaire consisted of forty questions with seven point likert scales. Data was analyzed using bivariate analysis, correlation and regression analysis with the SPSS 22 version. Frequency analysis was used to recognize the sample profile and regression analysis was used to examine the extent of the impact of employer branding on employee retention. The results of the study showed that extent of the impact of employer branding to employee retention among executive level employees of apparel sector in Sri Lanka is at above average level with a high degree of dispersion. Finally The findings of the study, emphasize the organizational identification is the significant factor of the employer branding which was affect to employee retention among executive level employees of apparel sector in Sri Lanka. The employees like to define about themselves as an employee of their organization if that organization has good image within the industry.

Keywords: Employer branding, employee retention, executive employees, apparel firms

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INTRODUCTION

Background of the Study

To realize the competitive advantage, Human Resource Management (HRM) and human capital are critical factors for any organization. Thus the accomplishment of organizational success depends on attraction, selection and retention of the talented work pool from the labour market. Hence, organizations started to apply branding principles and practices within the field of HRM to attract best talented employees to them. The application of branding principles to HRM has been called as “employer branding” (Almaçık & Almaçık, 2012; Gilang, M., Pradana, Saragih, & Khairunnisa, 2018). According to Ramlall (2004) employer branding affect to provide a good service for the customer by using highly motivated employees.

According to Akila (2012) in today’s dynamic world, organizations face a significant challenge to retain high skilled employees. According to Schultz (2005) the employer branding is a good strategy for retain the employees. Employee retention means the process of encourage the employees to engage with the works of the presented work place other than leave the organization (Akila, 2012; Sudarmiatin, 2019). If the organizations develop appropriate

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employer branding process, they can retain their high skilled employees within the organization (Heilmann, Saarenketo, & Liikkanen, 2013). As a result organizations can reduce the replacement cost of new employees for the position.

Problem Statement

Organizations try to retain high skilled employees basically to gain advantages. Otherwise they have to face high level of cost to recruit new persons to replace the vacant positions. In this decade, Sri Lankan large apparel firms face dynamic problems due to numerous changes in economic and global contexts. Hence the employee turnover rate is getting high in apparel sector firms due to the competition. Some researchers (Chhabra & Mishra, 2008; Suikkanen, 2010) explained the employer branding is one of the best strategy to retain the skilled labor force. Hence this dissertation was aimed to examine how employer branding impact on employee retention among executive employees of selected large scale apparel firms in Colombo District.

Research Objectives and Hypotheses

To identify the factors affecting to employer branding and employee retention and to test the impact of employer branding on employee retention were the specific objectives of this research.

According to these research objectives following hypothesis was developed;

H1: *There is a direct and positive impact of employer branding on employee retention.*

H2: *There is a significant relationship with growth needs strength and employee retention.*

H3: *There is a significant relationship with psychological contract and employee retention.*

H4: *There is a significant relationship with organizational identification and employee retention.*

LITERATURE REVIEW

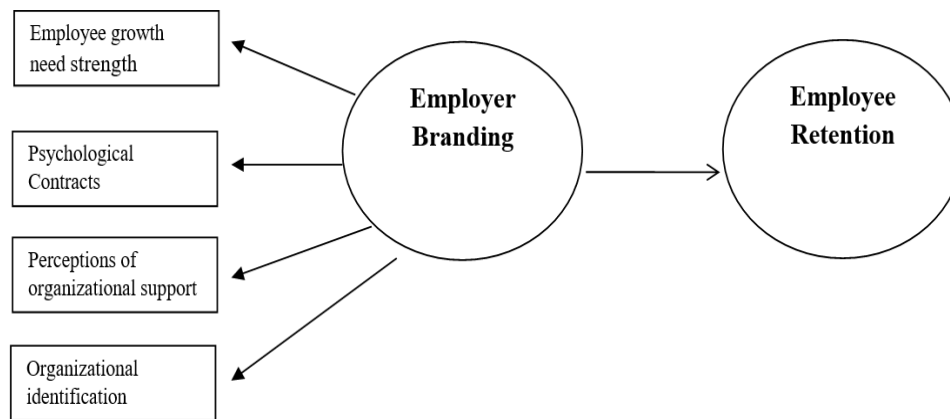
The concept of employer branding was initially highlighted in 1990 due to the “war of talent” (Mosley, 2007). During that time period, most organizations had high employment rate and a complex labor market. Therefore organizations tried their best to maintain skilled labor force than their competitors by using several strategies. The skilled and talented human capital is one of the vital resources of the organizations which offer them a competitive advantage over competitors (Farooqui & Ahmed, 2013). Thus, organizations should invest money and time to retain skilled employees. Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or awaiting the completion of the job (Akila, 2012; Nucharee & Teeradej, 2019).

Employer branding was defined as a long-term strategy to manage the responsiveness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm (Sullivan, 2004). Chhabra and Mishra (2008), Suikkanen (2010) have explained that the employer branding is one of the best strategy to retain the skilled labor force within the organization. Employee satisfaction and employee commitment affect to retain employees and it is affect to provide good service to customers. Those situations collectively create favorable outcomes for the organizations.

There are four dimensions of employee branding (Nigel Wright, 2013). Employee growth need strength’ is like a need for achievement. It is a measure of an employee’s need to develop personally through their job and work. Psychological contracts means the set of expectations an employee has about what it is going to be like working for an organization, and what they expect the employer will deliver. A perception of organizational support is a way of measuring employees’ perceptions of a favorable social exchange with their employer. Organizational identification is the degree to which a member defines him/herself by the same attributes that he/she believes defines the organization.

Theoretical Framework

As per the proposed model (Figure 1), Employer branding is viewed as independent variable consisting of four dimensions and employee retention is viewed as the dependent variable.

Figure 1 *Theoretical Framework*

METHODOLOGY

Participants were individual executive employees of selected large scale apparel firms in Colombo District, Sri Lanka and three hundred fifty respondents were selected as the simple random sample method. Developed questionnaire consist of three parts, as demographic factors (age, gender, marital status and years of experience) in part one, employer branding perception of the respondents which was developed by the recruitment company of Nigel Wright (2013) (indicators of employee growth need strength, psychological contracts, perceptions of organizational support and organizational identification) in second part and in the third part perception of retention decision of respondents (i.e., employee job satisfaction Weiss, Dawis, and England (1967); employee commitment Mowday, Steers, and Porter (1978) and employee motivation (Tremblay, Blanchard, Taylor, Pelletier, & Villeneuve, 2009)). Respondents were asked to indicate their opinions by checking the appropriate response to independent and dependent variables' indicators using a 7-point Likert scale, ranging from 1-strongly disagree to 7-strongly agree.

DATA ANALYSIS

A total of 350 questionnaires have been distributed and 257 were received. After checking the quality of responses, 12 questionnaires were omitted due to missing values and 245 usable questionnaires were obtained for the analysis purpose. By using computer based data analysis package Statistical Package for the Social Sciences (SPSS) survey data was analyzed.

Validity and Reliability

To ensure reliability and validity of the instrument, a pre-test was carried out using 30 questionnaires. Reliability tests were performed to examine the internal consistency of the measurements used in this study. As Table 1, Cronbach's Alpha value of all the dimensions of independent variable and the dependent variable were greater than 0.7. Thus, it emphasizes the reliability of the scales are high since a reliability coefficient exceeding 0.7 is usually acceptable (Hair et al., 1998).

Table 1 *RELIABILITY STATISTICS*

Instrument	Cronbach's Alpha
Job retention	0.769
Employee growth need strength	0.782
Psychological contracts	0.979
Perceptions of organizational support	0.835
Organizational identification	0.842

Table 2 *PROFILE OF RESPONDENTS*

	Variables	Frequency	Percentage
Department	Human Resource	28	11.4
	Manufacturing	65	26.5
	Marketing	69	28.2
	Finance /Accounting	36	14.7
	IT	29	11.8
	Other	18	7.3
Gender	Male	116	47.3
	Female	129	52.7
Age(Years)	25-34	17	6.9
	35-44	69	28.2
	45-54	105	42.9
	55-64	50	20.4
	65-74	4	1.6

According to the frequency analysis (Table 2) majority of executive employees were females and belong to marketing and manufacturing departments. Majority of executives were in between 45 to 54 age group.

Determinants of Employer Branding

The mean values of employer branding dimensions depicted in Table 3. The employer branding dimensions were ranked according to the importance that respondents have given. Employee growth need strength has obtained the highest mean value and thus it is the most determinant dimension of employer branding.

Table 3 *RANK EMPLOYER BRANDING DIMENSIONS*

Employer Branding	Mean	S.D.	Rank
Employee growth need strength	5.98	0.54	1
Psychological Contracts	5.58	0.59	4
Perceptions of organizational support	5.64	0.77	3
Organizational identification	5.94	0.54	2

Results of Regression Analysis

Regression analysis was done to test the developed hypothesis as to identify the impact of employer branding on employee retention. According to the Table 4, R square value was 0.413 depicting that 41.3% of the total variance of employee retention was explained by the combination of four employer branding dimensions. In another word employer branding has 41.3% impact on predicting the employee retention among executive level employees of selected large apparel firms.

Table 4 *MODEL SUMMARY*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 ^a	.413	.309	.52482

DISCUSSION, RECOMMENDATIONS AND IMPLICATIONS

According to the findings of the study, researcher has identified the positive impact of employer branding dimensions to the employee retention among executive level employees of selected large apparel firms in Colombo District, Sri Lanka. And the tested independent variables' dimensions are the prominent dimensions of employer branding which are affected to employee retention. There was no negative impact has identified on dependent variable.

Results of the study emphasized that the employee growth need strength was the most influential dimension of employer branding which affect to employee retention among executive level employees. According to the findings of the study, challenging work setup, advancement opportunity, monetary benefits, integration with the organization and decision making power of employees are the major indicators of employer branding process of apparel firms in Colombo District, Sri Lanka.

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