

EMPLOYER BRANDING AND ITS IMPACT ON EMPLOYEES

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ABSTRACT

In this competitive era competition for talented employees has become as important as for customers. Due to this competition it has become very important for an organization to differentiate itself from its competitors and to make better image to attract talented employees and retain existing ones. For this we need a strong HR strategy which is helpful in differentiating an organization from its competitors. Employer branding has emerged as one such HR strategy in the employment context which is helpful in making differences between organizations. The present study aims to evaluate the various aspects and thoughts related to employer branding. The purpose of this paper is to show the impact of employer branding on employees working in corporate sector with the help of literature available. The major finding of this study is that employer branding has a great impact on commitment, retention, satisfaction and loyalty.

Keywords: Employer Branding, Commitment, Retention, Satisfaction, loyalty.

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INTRODUCTION

According to Peters (1999) earlier the branding word was used in the marketing to make difference between the products of any organizations, but now this marketing term is used not only to make difference between products but also to make difference between people and organizations. To find out the talented people for organizational success required proper research and planning same as product development and project management (Kaliprasad, 2006).

Today is the era of war for talent. The main forces responsible for war for talent are shift from industrial age to information age, demand for high talented employees and frequently switching from one job to another (Roy, 2008). The burning issue now a day is to attract and retain the best talent and organizations are putting their best efforts to get skilled and knowledgeable persons (Lyon & Marler, 2011). There is a need for strong recruitment strategy which is helpful in differentiating the organizations from its competitors. Sullivan (1999) has stated that employer branding is one such hottest strategy in the employment context. It is an identity of the organization as an employer (King & Grace, 2008). Employer branding is the sum of companies effort to communicate to existing and prospective staff that it is a desirable place to work (Lloyd, 2002). The concept of employer attractiveness is closely related to employer branding (Berthon *et al.*, 2005). Today organizations are realizing that they are selling jobs and not buying talent. They have also realized the importance of using employer branding (Pande & Basak, 2012).

The goal of employer branding is not only to focus on current employee's satisfaction, commitment and performance but also to attract talented people by differentiating the employer from its competitors (Kimpakorn & Dimmitt,

2007). The power of employer branding is to deliver the success of organization by attracting and retaining best talent, provide better environment to them and also to improve the performance of organizations in the area of recruitment, retention and engagement (Feron, 2008).

Objectives, Methodology and Importance of study

The main objective of this study is to explore the concept of employer branding and to show the impact of employer branding on employees in general and their Commitment, Retention, Satisfaction and loyalty in particular on the basis of thorough review of the previous studies related to this concept. Various studies published in journals, books, conference proceeding etc is gathered for detailed review of the concept. The present study also highlights the importance of this concept in this competitive era.

Literature Review

This section of the study deals with the thorough review of the previous studies related to the concept of employer branding and this section is further divided into four sub-sections as employer branding and organizational commitment, employer branding and retention, employer branding and satisfaction and employer branding and loyalty.

Employer Branding and Organizational Commitment

Today in this era of war for talent the main issue for any organization is to attract and retain the best talent but now a day's most of the organizations are not providing "jobs for life" to their employees and the safe fields of employment are also going to diminish (Mirvis, 1992; Whymark and Ellis, 1999). The employee's decision to stay with the organization is mainly dependent on commitment level of

employees towards the organization (Miller, 1996). The various characteristics of job influence the commitment level of employees. So the main issue for any organization is to increase the commitment of existing employees so that they can perform better and stay within the organization. The employers need to formulate the innovative strategies to attract the skilled persons from tight labour market and to motivate them to stay with the organization and being committed (Corporate Leadership Council, 1999). Ambler and Barrow (1996) have stated that employer branding is one such HR strategy in the employment context. It is viewed as an innovative strategy to increase the employee's commitment level in the organization. Davies (2008) has also explained the relationship between employer brand image and organizational commitment by using Corporate Character Scale. The relationship between employer branding and organizational commitment is based on the theory of psychological contract (Bhalla, 2008). The companies that are successful in managing their employer brand are able to increase commitment, loyalty and retention of employees (Suikkanen, 2010). The primary role of employer brand is to increase productivity, retention and commitment (Backhaus and Tikoo, 2004). It also increases the performance and commitment level of employees and helps in attracting the right kind of people who fit in organization culture and provide work experience expected by potential employees (Bhatnagar & Srivastava, 2008). It helps in increasing engagement and commitment level of employees which results in increasing customer satisfaction and loyalty. It is an important tool used by organization to increase organizational commitment and engagement. The main benefit of employer branding is to increase commitment of employees (Barrow & Mosley, 2006). Employer branding is helpful in attracting potential employees and committed the current employees (Jonze & Öster, 2013). On the basis of the review of existing literature following preposition has been developed:

Preposition 1: Stronger the employer brand image the greater will be the organizational commitment.

Employer Branding and Employee Retention

In this competitive era the competition for the best employees has become as important as for customers (Berthon *et al.*, 2005). It has become very complex for any organization to attract and retain the talented employees. The main reasons behind this may be shortage of skilled employees, changing expectations of workforce, workforce diversity and increased competition (Chabbra & Mishra, 2008; Allen *et al.*, 2010). It has become very important for any organization to understand the elements and strategies that are helpful in retaining the best employees. Employer branding is considered as such hottest strategy in the employment context. It helps in the creation of brand associations which helps in the creation of good image of the employer and to retain talented employees (Mandhanya & Maitri, 2010). According to Katoen (2007) it helps in recruitment and retention of talented employees in this era of ‘*battle for talents*’. Employer branding is a retention management technique which influence employee engagement and organizational culture which positively link to retention of talented employees (Suikkanen, 2010). A strong employer brand helps the companies to reduce the cost of acquisition of employees and to improve retention of employees (Ritson, 2002). According to internal perspective it contributes to employee commitment and retention (Backhaus & Tikoo, 2004). According to organization’s perspective the main crux of the employer branding concept is to attract and retain the best employees in the organization (Moroko & Uncles, 2005). It is a successful mean for any organization to gain competitive advantage and to retain talented employees (Conference Board, 2001). A strong employer brand is helpful in establishing the identity of organization as an employer and it

comprehend the organization's systems, values and policies for attaining the objectives of attraction, motivation and retention of organization's current as well as potential employees. (Dell & Ainspan,2001). On the basis of literature following preposition has been developed:

Preposition 2: Stronger the employer brand image the greater will be the employee retention.

Employer Branding and Employee Satisfaction

Personnel of any organization are viewed as the first market of the organization; they are treated as the internal customers and their jobs in the organization as internal products (Berthon, Ewing & Hah, 2005). It is very crucial for any organization to satisfy their employees, because employee satisfaction plays a vital role for creating satisfaction among customers (Heskett *et al*, 1997). A strong employer brand image plays a crucial role in satisfying employees of an organization. It influences the affinity, differentiation, satisfaction and loyalty among employees (Davies, 2008). A strong employer brand helps in creating pride and job satisfaction among employees (Sripirabaa & Subha, 2013). A strong employer brand creates a strong and unifying culture in the organization and increase satisfaction and commitment among employees (Backhaus & Tikoo, 2004, Gaddam 2008 & Edwards, 2010). It is viewed as a vital tool for enhancing job satisfaction and organizational commitment (Taylor, 2002). Employee satisfaction and identification is the results of strong employer brand (Schlager *et al*, 2011). It is a distinguish opportunity that differentiate a company from its competitors and keeps its employees satisfy and happy (Ambler & Barrow, 1996). From the review of above literature, the following preposition can be developed:

Preposition 3: Stronger the employer brand image the greater will be the employee satisfaction.

Employer Branding and Employee Loyalty

There is always a psychological contract between employer and its employees. After fulfillment of psychological contract employees' loyalty and engagement in the organization likely to increase (Moroko & Uncles, 2005). A strong employer brand contributes a lot in creating loyalty and commitment among employees which leads to more productivity in the organization (Backhaus & Tikoo, 2004). It is helpful in attracting potential employees and creating loyalty and commitment among existing employees (Jonze & Öster, 2013). The companies which are successful in managing their employer brand are able to increase commitment, loyalty and retention of employees (Suikkanen, 2010). According to commercial context employer branding brings together the various components of organization and helps in increasing loyalty, satisfaction and commitment (Dutta, 2011). Employer branding not only focus on recruitment but it has great implication for loyalty, satisfaction and retention of employees (Karaosmanoglu & Melewar, 2006). The following preposition has been developed after the review of existing literature on employer branding and employee loyalty:

Preposition 4: Stronger the employer brand image the greater will be the employee loyalty.

Results, Discussion and Managerial Implications

After having a close observation on all four prepositions it is concluded that employer branding has a great impact on commitment, satisfaction, retention and loyalty of employees. It has become hottest topic for HR practitioners and research

scholars. Organizations are putting their best efforts to improve their brand image and attract talented employees and retain the existing ones.

It is clear from the literature that employer branding provides benefits to both organizations as well as employees. It provides a framework to management to simplify their priorities, increase productivity, improve recruitment and commitment (Ambler & Barrow, 1996; Backhaus & Tikoo, 2004). Employer branding is useful in the marketing of brand in the labour market and increasing the firm performance and quantity and quality of applicants (Collins & Stevens, 2002). Employer branding enhance employee engagement, recruitment and retention and helps organizations to compete effectively (Jiang, 2011). It provides a framework to managers to formulate better strategies to make better image of the organization and to attract talented employees from this tight labour market.

Limitations and Future Research Directions

The main limitation of this study is that the impact of employer branding is discussed only on the organizational commitment, employee retention, employee satisfaction and employee loyalty. Hence future research can also be included as to study the impact of employer branding on some other areas like-recruitment and selection, profitability and motivation etc. Future research should also try to explore aforesaid relationship in empirical manner.

CONCLUSION

It is concluded that employer branding is very important for organization to gain competitive advantage. It has a great impact on commitment, retention, satisfaction and loyalty of employees. But there is a need for proper implementation of this new concept by the organization. This is the responsibility of overall organization to implement the concept in a proper manner. Although it's a new concept in the

field of human resource management, less empirical work is done in this area that too in India especially.

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