

# The Influence of Employer Brand in deciding the Workplace, Perception of Prospective Employees

Mrs. Kanchana Vinoth, Dr.S.Vasantha

**Abstract** - This paper examines the influence of Employer branding in choosing the workplace, with the final year students. It is a great challenge for any organization to acquire the right talent and for any candidate to choose the right job. This study more over focuses on challenge of young talents in choosing their right job or a company. What role does Employer Brand play in attracting the right talents? The study has been explored with the budding employees in Chennai. It tries to bridge the gap in existing literature. Simple random sampling method was used to attain the required sample for the research. A well-structured questionnaire was used to collect the data. The total of 364 respondents have participated in the survey. The study found that surprisingly psychological benefits provided by the company have high priority to choose a work for the potential employees when compared with other functional and economic benefits.

**Key words** - Employer, Employee, Perception, Branding, Potential employees, Workplace, Benefits,

## 1

## INTRODUCTION

Employer Brand is organization's reputation as an employer, this term was introduced in early 1990's (Minchington, 2005) defines as "great place to work". Employer brand is package of functional, economic and psychological benefits provided by employment and identified by the employing company, (Simon barrow and Tim Ambler, 1996).

Various surveys conducted proved that most of the companies are actively engaged in employer branding activity. Employer Brand denotes a set of distinctive associations made by employees with corporate name. EB represents the image of a company that projects the potential employees. If the company has strong Employer Brand and unique value proposition, then the company is considered a distinctive place to work, with attractive brand values and career prospects. In today's highly competitive job market, Employer brand is decisive tool for attracting and retaining the key talent.

It helps the organization to acquire the highly talented labor and promising new

---

*Author - Research scholar, School of Management Studies, Vels University. P V Vaithiyalingam Road, Velan Nagar, Pallavaram, Chennai, 600117, Tamil Nadu, India*  
*E mail : kanchana.vino@gmail.com*

*Co-author - Professor Vels University, Vels University, P V Vaithiyalingam Road, Velan Nagar, Pallavaram, Chennai, 600117, Tamil Nadu, India*  
*Email : vasantha@velsuniv.org*

employees and enriches their loyalty by increasing their identification with the organization. It enhances the visibility of the organization in the job market.

The term brand refers to symbol or many associations that are linked with Name. (Gardner & Levy, 1995). It is not a new concept but still awareness need to be created in today's competitive job market. Branding was initially associated with products and now continued with people, place and firms (Peters 1999). Employer Branding is the strategy used to create awareness in the minds of potential employees and shape up the image for existing employees. (Lloyd, 2002) Employer branding is sum of effort to communicate, desirable place to work.

## **2 REVIEW OF LITERATURE**

(Ajay Kumar & Sonal Jain, 2013) Employer brand has gained popularity, organizations use EB as a tool to motivate and retain the employees. "Employer Brand cannot be neglected, if the organization wants to win war for talent".

(Oladipo, Tosin Ayobami et.al., 2013) Investigates how Employer brand is treated in literature with seven relevant models on basis of stages and process. Says

### **1.1 Employer of Choice**

In today's competitive job market, there is a need created for every employer to distinguish itself from others to attract the key talent. There are various estimates regarding the relationship between employer of choice and potential recruits. (Chandler McLeod's, 2007) says majority of job seekers were not so much specific towards working with the organization that claims to be employer of choice, very few revealed that the status of the employer was important to choose a company to work with.

Unfortunately very few studies have been investigated the issue in India. When today's young generation are very much brand conscious in whatever they buy, what if when comes to job. "literature review lacks the application of existing model to specific context".

(Mukesh Biswas & Damodar Suar, 2013) revealed through his study, employees social, interest, developmental and economic values, in a sequence of priority affecting the employer brand.

(Evans Sokro, 2012) Brand name of the organization influence the decision of the employees about their job. Conductive work environment make the employee feel comfortable and retain them for longer

period.

(Dellacorte, Valentina et.al., 2011) empirical analysis demonstrate the necessity of awareness in corporate brand and employer brand.

(Annelize Botha, et.al., 2011) embedded the linkage between the theoretical concepts and form a conceptual logic that portrays employer brand relative to talent acquisition and retention.

(Lievens et.al., 2007) The firm's capacity of distinguishing from its competitors, and a link between marketing and human resource management, specifically towards recruitment and selection.

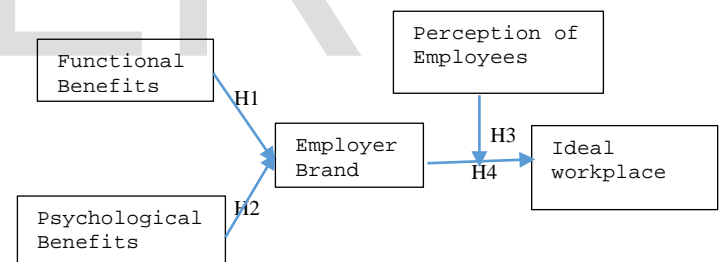
Employer brand is identified as organization that is differentiated in terms of functional, economic and psychological benefits and strong employer brand is a tool for talent attraction. (Ambler & Barrow, 1996; Donath, 2001; Minchington, 2006; Corporate Leadership council, 2007)

(Douglas, 2007) Employer with attractive employer brand have lower turnover rates compared to other organizations, they have better engagement level among their employees, which inturn impacts the financial results. (Amstrong, 2006) Employer brand is nothing but to become an "employer of choice"

(Pierre Berthon, et.al.,2005) The study identifies various dimensions of employer attractiveness. The research centres on developing and validating a scale to assess employer attractiveness.

Certain relationships have been empirically verified, and employer brand has a positive role in recruitment and retention functions (Collins & Han, 2004; Collins & Stevens, 2002; Fulmer & Scott, 2003). Limited attempts have been made to identify the expectation of potential employees with regard to employer brand. The expectation of young talents remain intact.

### 3 Factors influencing the Employer



### Brand.

The various research carried out in the field of Employer Branding have explored the characteristics of employer brand. This model has been from the existing theoretical foundation which consists of three main elements Functional, Economic and Psychological benefits. Simon Barrow & Tim Ambler (1996) defined it as the

package of the elements. The model emphasizes the perception of potential employees on which element influence them in deciding the work place.

benefits

## 4 RESEARCH OBJECTIVES

1. To identify the factors that influence the prospective employees to choose a particular job.
2. To evaluate the perception of prospective employees on employer brand
3. To find the impact of Employer brand in workplace decision.

### 4.1 Hypotheses

H1: Functional benefits provided by the company is positively related to its Employer Brand

H2: Psychological benefits provided by the company is positively related to its Employer Brand

H3: Employer Brand positively influence the perception of potential employees in deciding the workplace

H4: Employer Brand has direct impact in deciding the workplace for prospective employees

H5: There is no significant difference between mean score of functional benefits and psychological

## 5 RESEARCH METHODOLOGY

The hypotheses were tested using the data collected from the sample of final year students (prospective employees) from four different colleges in Chennai. The study has adopted descriptive research design, and simple random sampling method was used to attain the required sample for the research. The total number of 400 questionnaire were distributed personally, with the cutoff time 364 filled in questionnaires were retrieved. The constructs were measured with Likert five point scale. Each constructs were validated with the tested and established items.

All measures were drawn from previous studies. Functional benefits and psychological benefits were measured with items from Backhaus & Tikoo (2004) The response to the items were elicited on 5 point scale ranging from 5 as Strongly agree and 1 as Strongly disagree.

## 6 DATA ANALYSIS and INTERPRETATION

### 6.1 Table 1: Scale items, reliabilities and Confirmatory factor analysis.

Scale items	Standard ized loadings	t values	$\alpha$
<b>Functional benefits</b>			0.93
Promotion and career advancement	0.88	9.52	
In-house skill training	0.86	11.98	
Importance for Personal growth	0.78	12.16	
Work place safety and security	0.81	13.66	
Learning platform	0.69	17.11	
Convenient location	0.77	12.24	
Interesting & Challenging work	0.79	13.66	
Recognition for work	0.78	11.98	
Onsite career opportunities	0.77	17.01	
Fair monetary compensation	0.76	25.98	
Performance need to be rewarded	0.72	20.11	
<b>Psychological Benefits</b>			0.82
Social Image and reputation	0.68	25.56	
Resources to help employee problems	0.78	19.89	
Sense of accomplishment in work	0.76	12.46	
Job Satisfaction	0.76	11.68	
Supportive work environment	0.76	12.46	
Companionship / Collegiality	0.84	22.08	
Model fit: $\chi^2 = 57.38$ , df = 5, GFI=0.98, NFI= 0.86, IFI=0.96, CFI= 0.89, RMSEA=0.06.			

*Note: Each item measured in 5 point scales. Factor loadings item value less than 0.6 has been suppressed. The scale is reliable for measurement as a coefficient value for each item exceeds 0.70.*

The dimensionality, convergent and discriminant validity have been used subject to confirmatory factor analysis. The items that had poor standardized loadings have been deleted. The table shows the result of confirmatory factor analysis ( $\chi^2 = 57.38$ , df = 5, GFI=0.98, NFI= 0.86, IFI=0.96, CFI= 0.89, RMSEA=0.06). Each item measured in 5 point scales. Factor loadings item value less than 0.6 has been suppressed. The scale is reliable for measurement as  $\alpha$  coefficient value for each item exceeds 0.70.

### 6.2 Table 2: Paired t test to find the difference between mean score of Functional benefits and Psychological benefits of Employer Brand.

H<sub>0</sub>: There is no significant difference between mean score of functional benefits and psychological benefits.

H<sub>1</sub>: There is significant difference between mean score of functional benefits and psychological benefits.

Variables	Mean	SD	T value	P value
Functional benefits	17.33	2.43	2.695	0.007**
Psychological Benefits	19.16	2.59		

Note: \*\*denotes significant at 1% level.

Since p value is less than 0.01 null hypotheses is rejected at 1% level of significance. Hence there is significant difference between opinion regarding functional benefits and psychological benefits. Based on the mean score, the potential employees' opinion on psychological benefits (19.16) is better than the functional benefits (17.33). Employer Brand is the package of functional, economic and psychological (Ambler and Barrow, 1996) (Backhus and Tikkoo, 2004). In this study with the particular sample it is clear that psychological benefits have major impact in deciding the work place when compared with other functional benefits. In one of the recent reports, Claes Peyron (July 2013) says today's generation does not just look for high salary, they want to know the purpose.

## **7 DISCUSSION**

Employer Brand is bundled with number of basic fundamental benefits like payment for the service rendered, safe working environment, and cutting edge technology. (Richard Mosley, 2005) There are more motivation than pay and incentives to the potential employees like psychological or emotional benefits such as feel valued by their colleagues, belief in the

quality, purpose and value. Number of studies have been evidenced the relationship between the Employer Brand and Attracting the employees (Annelize Botha et.al., 2011; Pierre Berthon et.al., 2005; Mukesh Biwas & Damodar Suar 2013). But limited attempts have been made to identify the dimension that influence in deciding the work place, especially in particular environment.

The tested hypotheses state that the functional benefits and psychological benefits provided by the organization to the great extent have a positive impact on employer brand which in turn impacts the workplace choice. Another hypothesis states there is positive influence of Employer brand with the prospective employees in deciding the workplace. According to the hypothesis on mean score of the employer brand benefits the potential employees' opinion on psychological benefits is better than the functional benefits. The study Impact of Employer Brand in deciding the work place contributes to the domain and brings awareness to the Employer what the potential employee expect from an employer.

## **7.1 FINDINGS**

Reliability analysis resulted

acceptable cronbach alpha scores for all the items, which exceeds the cutoff value of 0.70 and considered for the study. Table 1 presents the standardized loadings, t values and the alpha value. Which indicates the model fit index. Table 2 represents difference between mean score of two variables that is considered for the study. From this study it is found that 83.29 % of respondents have enough knowledge on Employer Branding and aware of the importance of Employer Brand in choosing the work place. 69.8% respondents have agreed to the hypothetical assumption that higher the company satisfies the psychological benefits of the employee higher will be its Employer Brand. Though functional benefits are the important aspects to decide a work place, this study surprisingly results that psychological benefits cannot be ignored and have equal importance in the minds of potential employees while deciding the work place. The demographic results of the study indicate that there is significant difference between male and female with regard to Employer brand as a tool in choosing the work place. 66.12% of male are more opinioned on expectation towards Employer brand. Other hypotheses that tested whether educational background had

any impact on opinion towards Employer brand. Which resulted at a 5% significance level that professional and non-professional have difference in their opinion towards Employer Brand. Through the instrument it was clear that more number of professional background potential employees give importance to Employer brand than non-professional. On the whole Employer brand has a positive impact in attracting the potential employees.

## 7.2 CONCLUSION

Any information that job seekers seeks, builds their impressions of the employer organization and can become signs for what it would be like to work (Turban et al., 1998). Therefore it is important for any organization to make extra efforts to maintain their image before the prospective employees as an attractive employer (Bergeron, 2001). The present study examined the effects functional benefits and psychological benefits of Employer brand in deciding the work place for the potential employees. The study results functional benefits and psychological benefits are the significant determinants of Employer Brand in the minds of potential employees. Both functional and psychological benefits influence the result. Surprisingly



psychological benefits has more impact than the functional benefits. The result is also supported with few other studies. The research findings support the hypotheses, that functional benefits and psychological benefits are positively related to Employer brand. As practical implications the companies will find this research important as it will help define the prospective employee expectations and would help the industry in the global arena to build their branding strategies that meet the changing needs of the competitive labor market. By building a strong employer brand an organization can easily place them in minds of prospective employees. This study will also provide clues for organization involvements on instituting the need of the employees those work. This would also present implications for the employees on making an organization as "Great Place to Work"

The study has several limitations, firstly due to time constraints all the responses could not be retrieved. The results are concluded only with the retrieved responses. Future research could use personal interview to have more accurate and reliable responses. Secondly, the sample size is limited and pertinent to particular culture, more samples can be

included with other parts of the region in further studies. The pre-employment expectation and actual reality part of branding can be studied.

### 7.3 ACKNOWLEDGMENT

I wish to thank my respondents for participating in this survey. My sincere thanks to Dr. S Vasantha, for guiding me in this research. Heartfelt thanks to my family and friends who stood by during the journey of my research. I thank all many people who have helped me in my research. I would also like to thank the publisher.

### 7.4 REFERENCES

- [1] Ambler, T., and Barrow, S., (1996), "The Employer Brand," Journal of Brand Management 4.3, pp. 185-206
- [2] Backhaus, K., and Tikoo, S., (2004), "Conceptualizing and Researching Employer Brand", Career Development International, 9.(5), pp. 501-517
- [3] Barrow, S., and Mosley, R., (2005), The Employer Brand, Wiley, London.
- [4] Bergeon, D.M., (2001), Valuing the Employer Brand: Attracting Talent that Fits, Proceedings of Academy of Human Resource Development (AHRD) Conference, Tulsa, Oklahoma, Feb 28-March 4.
- [5] Botha, A., Bussin, M., & De



- Swardt, L. (2011). "An employer brand predictive model for talent attraction and retention". SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur, 9(1), Art. #388, 12 pages.
- [6] Douglas, M.J (2007) 50 Best employers in Canada 2007, Monster, career centre. Retrieved January 6, 2010.
- [7] Dellacorte, Valentina., Mangia, Gianluigi., Micera, Robert., and Zampavelli, Giuseppina., (2011) "Strategic Employer Branding: The Brand and Image management as Attractiveness for talented capital" China – USA Business Review, Vol.10, No.12.
- [8] Kapoor, V. (2010). Employer Branding: A study of its Relevance in India. The IUP Journal of Brand Management, 7, 51-75.
- [9] Lievens, F., Van Hye, G., and Anseel, F., (2007), "Organizational identity and Employer Image: Towards a Unifying Framework," British Journal of Management, 18. (S1), pp. S45-S59.
- [10] Malati, N., Tiwari, Pratiksha., and Sharma, Ruchika., (2013) "An Empirical study of employer branding in Information Technology Companies"
- [11] Moroko, L., and Uncles, M.D., (2008), Characteristics of Successful Employer Brands," Brand Management, 16.3, pp. 160-175.
- [12] Mosley, R.,(2007). "Customer experience, organizational culture and the employer brand." Journal of Brand Management, 15, pp.123-134.
- [13] Singh, Ajay Kumar., and Jain, Sonal., (2013) Employer Branding: A tool for motivating and retaining employees, Indian journal of current trends in Management Sciences, April vol. VI, No.1 pp. 1-14
- [14] Sutherland, M., & Karg, R. (2002). "Employer of choice branding for knowledge workers". South African Journal of Business Management, 33(4), pp. 13-20.
- [15] Oladipo, Tosin Ayombi., Iyamabo, Jeramiah., and otubano, olutayo., (2013) "Employer Branding: Molding desired perception in current and potential employees".
- [16] Walker, P. (2007). How to develop an effective employer brand. People Management, 13(21), 44-45.
- [17] Wilden, R., & Gudergan, S., et al. (2010). Employer branding: Strategic implications for staff recruitment. Journal of Marketing Management, 26(1-2), 56-73.

IJSER