

## **Employer Branding**

### *A Novel Route to Employee Retention and Competitive Advantage*

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#### **Abstract**

*Human resources lay the very foundation in growth of SMEs' that has emerged as a vibrant and dynamic sector of the Indian economy. In this era of cut-throat competition, the quest to win the talent war and to attract and retain the best and assertive employees in an organization has turned out to be a biggest challenge before the organizations. In order to distinguish themselves from other large organizations and be celebrated with unique characteristics from the job seeker's perspective, SMEs need the organizational attributes that allows them to stand out of their counterparts. Focused employer branding can help SMEs in coming out of this talent crunch and can act as a key factor in giving a competitive edge to the organizations. Acknowledging the significance of employer branding in SME arena, this research aims at analyzing the impact of employer branding on employee retention and competitive advantage of the firm.*

*Sample of 149 employees from various hierarchies were selected by taking eighteen small and medium IT firms situated in select states of Northern India. Findings reveal that the small and medium firms perceive employee retention to be strongly linked with employer*

*ability to present them as a great place to work among the existing and potential employees. Both small and medium firms perceive that they can pull the lever of competitive advantage through their strong employer branding campaign. The results signify that IT organizations under study retain their potential employees by edifice their organization's reputation as an employer in order to achieve the competitive advantage. The study divulges the perceived dimensions of employer attractiveness, i.e. interest value, development value, social value and application value as important factors over the economic value that organizations should focus while devising the employer branding campaigns. Study concluded by recommending small and medium employers to introduce employer branding in their core strategic and marketing effort to make organization an appealing place to work.*

**Keywords:** *Employer Branding, Employer Attractiveness, Small and Medium Firms, Information Technology Industry, Employer Value Proposition (EVP)*

**JEL Classification:** *M12, M30, M31, M39*

## INTRODUCTION

Small and medium enterprises are the silent growth engine of Indian Economy. Without any pomp and show they are playing an indispensable role in terms of employment generation, exports, facilitating equitable distribution of income, creating entrepreneurial fortitude and innovation in the emerging economies. According to a recent report by the Ministry of Micro, Small and Medium Enterprises, there are as many as 5.5 crore (55 million) small units that drives the nation economy via trading, manufacturing, services etc. The SME contributes whopping 8% to India's GDP;

accounting for 40% of India's total exports and 45% of the country's manufacturing output. The sector emerged as one of the biggest employment generators by providing job opportunities to over 80 million people. As per the report the MSMEs are eminent for their employment potential at low capital cost and high labour intensity as compared to the large organizations. Though SME sector has progressed and evolved rapidly in past few years, still it faces several challenges and the prime among them is retaining the quality talent. With large organizations aggressively scouting for new talent in the market, it only becomes more challenging and exigent for MSMEs to outstrip competition. It is their inability to pay competitive remunerations, difficulties in developing effectual recruitment and retention strategies that owes to high attrition rates in this sector. As per OECD Survey (2017) access to finance, tax rates, practices of competitors in the informal sector and lack of educated and talented workforce are the most serious obstacles to growth of SMEs. Adding to this, demographically larger generations of employees are soon to retire and the generations taking over are drastically smaller in number. Further the quality educated people available are limited in number and scope. Boiling down to this, the fluidity of job mobility among the young generation poses another challenge not only for SME's but for large enterprises too. With the emergence of LinkedIn and other forms of SNSs, the first century of third millennium, has seen employers' power swinging to the talent. More and more young professionals are sacking the thought of bestowing their entire career to one company and don't consider it as a red flag on their CVs. Organizations, in turn are conscripted to accept the inexorable costs of a labor market that seems to have

institutionalized attrition. Employers aspiring to augment the headcount need to differentiate themselves from their competitors in order to attract and retain talent and one way to realize this is building a strong employer brand. According to survey done by Markelz (n.d.) the corporate loses \$14,000 on an average for vacancy that remains unfilled for more than three years. This is an alarm for companies to fabricate a talent conduit to speedily resolve hiring requirements. 80 percent of corporate leaders concede employer branding as a key to stabilize the turnover in this tumultuous job market. Kotler and Lee (2008) in their path breaking work 'Social marketing: Influencing behaviors for good', defined branding as the process of developing an intended brand identity.

The way that organizational brands commune the benefits of using a good/service to potential consumers; employer brands correspond the benefits of employment to potential employees. An important notion in the field of marketing is branding which has been successfully replicated in the arena of human resource management, titled as employer branding. Ambler and Barrow (1996) proposed and defined the term employer branding as 'package of functional, economic, and psychological benefits that potential employees associate with employment with a particular company'. Edifice a strong employer brand put on weight during 2004 and 2008, when as retort to the mounting competition for talent, leading organizations like Google, Shell and Unilever commenced applying the same effort and evenness to their employer branding as they did with their corporate and consumer branding. This led to the maturity of an Employee Value Proposition (EVP), which propounded the key benefits offered by the company. Employer branding is not

just advertising organization which can act as a quick fix for the company's labor shortage. But, it's majorly 'a comprehensive recruiting strategy that position one's company in an attractive way and makes it top of mind for prospective talent' (Randstad, 2014). It also includes a corporate long-term vision focused on the company's culture and identity in a truthful and compelling manner which can be conveyed to the current and potential employees. Application of employer branding in managing human resources of a firm can help target the right kind of talent and trims down their time to hire, on the other hand strong employer brand decipher into higher retention numbers for the organization and helps organization in dipping their replacement hiring costs. Also, a distinct and strong employment brand will position the firm as the preferred employer, thus reducing the labor shortage. Today more and more companies seek to become 'the employer of choice'. A 2011 Reputation Institute study of 100 global companies found that organizations that successfully manage a consistent employer brand have been able to get an edge over their competitors in attracting sought-after candidates, keeping valuable employees and solidifying relationships with customers and investors. Employer branding is aggressively being used as an approach towards motivating and recruiting the best human talent especially by large organizations but is comparatively a new concept in the HR lexicon of SME's (Kaur et al., 2015). The scenario in small and medium scale organizations is different; employer branding strategies are getting least attention by the management. SMEs are still living in misconceptions that employer branding is something for the big corporate and is not their cup of coffee. Because of weak or no employer branding, candidates do not have a good knowledge of the overall

organization or do not have a good experience during the recruitment exercise, ultimately becoming the root of high attrition rate among SME's. There are many unrequited questions that are struggling for the answers such as 'Would employer branding work for small and medium firms?' or 'Would employer branding be an area of concern for small and medium firms?' Moreover, it would be interesting to explore the relationship among employer branding, employee retention and competitive advantage. The scope of this paper has been limited to the small and medium IT firms and the present study has focused on following objectives:

- To study the perception of small and medium firms towards employer branding.
- To empirically analyze the impact of employer branding on employee retention in small and medium IT industry.
- To study the relationship between employer branding and competitive advantage in small and medium IT firms.
- To study the relationship between employee retention and competitive advantage in small and medium IT firms.
- To propose the strategies to SME to effectively utilize their employer branding as an effective tool for talent management.

## THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Brands are enacted in the behavior of organizational members... (They) become the way we do things around here...

(Kornberger, 2010, p.87)

In today's world brands not only, sway consumers but also the company members. It becomes crucial to understand the perceptions

of employees towards the company which in turns affects the crucial process of employee retention. Although brands and branding are not new ideas for large organizations, but it is comparatively a new term in the SME's HR vocabulary (Wentz & Suchard, 1993).

### Conceptualizing Employer Branding

The term 'employer brand' was first publicly introduced in 1990 by Simon Barrow, chairman of People in Business, and Tim Ambler, Senior Fellow of London Business School in the *Journal of Brand Management*, and defined employer brand as 'the package of functional, economic and psychological benefits provided by employment, and identified with the employing company' (pp. 187). Backhaus, K., & Tikoo, S. (2004) in the article, 'Conceptualizing and Researching Employer Branding' described how organizations market their offerings to potential and existing employees, communicate with them and maintain their loyalty 'promoting both within and outside the firm, a clear view of what makes a firm different and desirable as an employer' (p. 34). According to Minchington (2010), employer branding is defined as 'the image projected by employees through their behaviors, attitudes and actions' (p. 319). This image is affected by employees' attitude and engagement towards the employer brand image promoted through the culture of the organization. Employee branding can influence the perception of the employment experience offered to current and future employees (p. 319).

Various researchers have tried to spot that what makes an organization's employer brand? Different classifications have been given by different researchers. The study by Lievens and Highhouse (2003) suggests two broad classifications of organizational

employer brand namely instrumental and symbolic attributes. Instrumental attributes embrace compensation and benefits, and symbolic attributes reflects more subjective, theoretical and subtle aspects of employer brand (e.g. strong organizational culture, constructive interpersonal relations in the organization, teamwork, etc.). Besides the hunt for ingredients of building a successful employer brand the other question that haunts the researchers is to discover the novel route to build a triumphant employee brand. Among the chaotic literature there are two theories that have got widely acceptance in the literature. The first is given by Artain and Schumann (2006) from their famous book 'Brand from the Inside', all ears on thirteen key characteristics of employer branding, the second by Miles and Mangold (2004) discussed six key steps to build a successful employee brand.

According to Artain and Schumann (2006), the brand must eloquent the company's promise to their employee; it must support the business strategy of the organization; the brand must delineate employees the company's customer experience; the brand must be able to define what the organization needs from the employees; the brand must describe on-brand behavior; It must connect what happens outside to what happens inside; the brand must focus on employee choice; the brand must define 'What's in it for me?' for the employees; the brand must define the business as a place to work; the brand must articulate the company's desired reputation as a place to work; the brand must define what the organization believes in; the brand must define the desired emotional connection between the company and employees; the brand can help the organization recruit employees. The authors argued that employees

need to connect with the brand in order to be able to bond with the customer and sell the product or service, with the company's desired image.

Miles and Mangold (2004) defined employer branding as 'the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents' (p. 68). According to Miles and Mangold (2004) model the very initial step for a thriving employee branding is a well-defined mission and vision that helps them understanding the corporate values. The next step is to assure that employees know what the brand is, and that members of the enterprise are committed to it, they identify with it, enabling them to reflect the desired brand image through their work or interaction with the end user. The key of this process is the constant feedback in all its stages; every step has to have a response to ensure the organization that they are working.

On similar lines of Miles and Mangold (2004) model, Universum Communications in 2005 through their online research article Employer branding: global best practices, discussed the five-step process of employer branding where research is considered to be the foremost step to understand where an employer is positioned in the employment market and to determine the appropriate action plan. The very next step is Employer Value Proposition (EVP), the company or organization needs a unique employer offer to portray itself as a strong employer brand. Once an employer is clear about who they want to talk to and what to communicate, the employer then has to choose the most efficient and effective channels for reaching them. The next step aims to express the employer value proposition (EVP) by using the right words



and images, so it becomes consistent with the corporate identity and branding efforts. Last and the fifth step aims at implementing all the steps and monitoring closely what works and needs to be adjusted along the way is the final stage. Thus, employer branding can be considered as a match-making process between the employer and the employee, if planned and executed carefully and thoroughly would result in strong and long-lasting bond between the two parties.

### **Employer Branding and Competitive Advantage**

Employer brand is 'one's reputation' as an employer to the prospective and current employees. And reputations are important and managing them is critical in the era of 'war of talent'. According to 2011, LinkedIn talent solutions survey, a strong employer brand trims down employee turnover by 28%. As high as 69% of employees consider employer branding as an important factor while selecting the job and supplemented that they would prefer to be jobless rather to go with a bad employer brand. Intellectual and human capital is the foundation of competitive advantage in today's uncertain environment. Organizations that might be successful in engraving positive image of the organization in the minds of employees would be successful in attracting the best minds, and hence will have a distinct competitive edge in the marketplace (Harari, 1998). Sullivan (2004) acknowledged employer branding as 'the hottest strategy in employment' and aver opined that usually it is plant, equipment and capital that are considered as 'star resources' that create competitive advantage but with changing scenarios human capital is operated as an important resource creating competitive advantage. Involving employees in the

premature juncture of building employer brand is highly essential else the employees envisages brand as no more than a logo creation. Employee participation helps in creating a sense of brand ownership and thus generates understanding and commitment. Sehgal and Malati (2013) in their study revealed some similar results and concluded employer branding as an effective strategy to create a distinct edge in the marketplace. Despite the growing popularity of the employer branding practice, surprisingly it is not able to raise the eyebrows of the academicians and researchers. Very limited numbers of articles are there in marketing literature discussing the relationship between employer branding and competitive advantage but with no empirical evidence supporting. This has put forward the first hypothesis of the study.

*H<sub>1</sub>: There is a significant relationship between employee branding and competitive advantage in select small and medium IT organizations of North India.*

### **Employer Branding and Employee Retention**

Employee retention refers to the ability of an organization to retain its employees. It is defined as a methodical and systematic effort by employers to formulate and nurture an environment that encourages current employees to stay longer with the organizations by devising policies and practices in place that gear their diverse and sundry needs. Fitz-enz (1997) in his study reveals that on an average a firm has a drop of approximately \$1 million with mislay of every ten managerial and professional employees. This in turns depicts a significant economic impact associated with the loss of any of organizational critical employees; especially in

terms of 'Defunct knowledge' that is coupled with employee's departure. It thus becomes extremely crucial for the organizations to develop and retain the most talented employees of their organization. Employer branding has emerged as an important tool in this regard. As per the survey done by the CIPD (2012), the purpose of branding is essentially to build the product's image and this image will influence the perceived worth of the product and will increase the brand's value to the customer, leading to brand loyalty. An employer brand can be used to help organizations compete effectively in the labor market and drive employee loyalty through effective recruitment, engagement and retention practices. Employer branding helps companies attract and retain high performing employees, sells workplace culture, values and goals to potential and existing employees. Creating a strong employer brand doesn't only reduce the cost of employee acquisition, but also enhances employee retention. Deloitte (2014) categorized engagement and retention of human capital (26%) as most urgent trends in global HRM followed by talent acquisition categorized as urgent (24%) based on a study of 2532 respondents from 94 different countries. Priyadarshi (2011) supported that the employer brand image is significant contributor in determining the employee satisfaction, commitment and turnover levels. The positive impact of employer branding on employee engagement and retention has been reinforced by studies of various authors (Sokro, 2012; Botha, Bussin & Swardt, 2011). These findings suggest employer branding as an important consideration in talent management yet, the possible linkage between employer branding and employee retention particularly in SME sector is left unclear thus making it worth to

study the relationship between two variables in SME context. This has brought forward the second hypothesis of the study.

*H<sub>II</sub>: There is a significant relationship between employer branding and employee retention in select small and medium IT organizations of North India.*

### **Employee Retention and Competitive Advantage**

According to Torrington et al. (2005) firms that succeeded in achieving lower turnover rates compared to the industry average may have a competitive advantage. The conventional assumption of turnover alleges that firms that are not competent enough to retain top talent will not be able to survive and hence thrive in this competitive environment. The Organizational behavior literature avowed that it is the human capital that contributes to a firm's competitive advantage via differentiated skills that advances organizational effectiveness, help exploring opportunities and neutralizing external as well as internal threats. However, employee retention crafts competitive advantage to the extent that it facilitates developing these skills from historical experiences and learning in the context of firm resources which are rooted in peculiar social structures of the organization and keeps the workforce whose offerings are valuable, rare, unique and difficult for competitor to emulate (Guthrie, 2001). Kimungu and Maringa (2010), in their study found a significant relationship among employee turnover, customer service and competitiveness. Using data from hotel industry the study concluded that high levels of employee turnover negatively impacted the quality of service and consequently on the competitiveness of hotel under study. Few

available studies examining the relationship among employee retention and competitive advantage are in hospitality and manufacturing sector with almost no study in information technology industry. This literature fissure has brought forward the third hypothesis of the study.

*H<sub>III</sub>: There is a significant relationship between employee retention and competitive advantage in select small and medium IT organizations of North India.*

### **Employer Branding, Employee Retention and Competitive Advantage**

The employment setting, these days, is becoming progressively more competitive. In such competitive environment, employer branding is budding as a long-run HR strategy to attract and retain talented workforce. Branding was originally used to distinguish tangible products, but slowly and gradually it has been applied to differentiate between people, places and firms (Kaur et al., 2015). Various studies have found significant relationship between employer branding and other organizational constructs (including Job satisfaction, Psychological contract, organizational commitment, etc.) (Tanwar and Prasad, 2016; Berthon et al., 2005), but very few studies examining the relationship among employer branding, employee retention and competitive advantage are there in literature. A qualitative study by Moses (2016) highlighted employer branding to be a vital element of organizational strategy, at a time when talent retention has become an essential integrant of attaining competitive lead. Existing literature on employer branding makes it more apparent that the construct is still a novice in SME business vocabulary and requires a more traceable framework to raise

the eye brows of the business researchers and practitioners. It's quite natural that before an organization start huge investments in building employer brand, managers reasonably want the evidences that employer branding is related with various business outcomes. This has brought forward the fourth hypothesis of the study.

*H<sub>IV</sub>: Employee retention significantly mediates the relationship between Employer branding and Competitive advantage in select small and medium IT organizations of North India.*

### **RESEARCH METHODOLOGY**

This study has considered and focused on Information Technology Industry to accomplish various objectives set for the research.

To conduct the study, 18 small and medium IT firms (10 and 8 respectively) were contacted from select states of Northern India (namely Haryana, Delhi, Himachal Pradesh, Punjab and UT Chandigarh). Selection of small and medium IT firms was done based on World Bank employee strength and assets criteria (refer Table 1). Two hundred respondents were chosen for administering the questionnaire. In total 165 of the 200 distributed surveys were returned (82.5%) out of which 149 (74.5%), excluding incomplete questionnaires and unengaged responses had the relevant data for the present study. The average age of the participants under study was 25 years (range from 20 to 60 years). 48% were female, 52% male and their tenure in the organization ranges between 12 months to 300 months.

Primary data was collected with the help of a well-structured questionnaire, consisting of



the items relevant to three constructs and one part was dedicated to collecting demographic profile of respondents. For secondary data collection, help of various research journals, articles/online articles, books, was sought.

**Table 1:** World Bank Criteria of Classifying SME's

<i>Firm Size</i>	<i>Employee Strength (No. of Employees)</i>	<i>Assets</i>
Small	<50	(≤INR 150 Million)
Medium	<300	(≤ INR 750 Million)

Source: IFC, World Bank Group (2012).

### Measures

The employer attractiveness scale (EmpAt) given by Berthon et al. (2005) was used as an employer brand template (recommended by Berthon et al., 2005) for this study. Employer attractiveness (EmpAt) Scale consists of five factors (interest, development, economic, application and social value) divided into 25 items. For employee turnover intention, three items based on Cammann et al.'s (1979) and Landau and Hammer's (1986) studies were utilized. Strategic performance and financial performance (quantitative dimension) were considered as two dimensions of competitive advantage, both of which were measured in comparison to competition. Items were adapted from Jap (1999) and Weerawardena (2003) studies respectively.

### ANALYSIS AND RESULTS

Various descriptive and inferential measures were utilized for data analysis. In the first stage use of descriptive statistics like mean and standard deviation was undertaken with an aim to describe the data characteristics. Further, the testing of hypotheses to scrutinize

the relationship and impact of employer branding (employer attractiveness) was done using bivariate analytical tools like Pearson's correlation and simple linear regression. Additionally, to assess mediation among the direct and indirect variables SPSS PROCESS macro offered by Hayes (2012) was performed. All the statistical analysis has been carried out using SPSS 21. Reliability of the scales used have been calculated to ascertain internal consistency of the scale using Cronbach's alpha co-efficient (refer Table 2).

### Perception of Employer Attractiveness, Employee Retention and Competitive Advantage

Descriptive measure (mean and standard deviation) of the small and medium IT firms put forward that the organizations under study have the high perception for employer attractiveness, competitive advantage and employee retention. Additionally, the existence of high mean values for employer attractiveness, competitive advantage and employee retention reflect on the positive perception of employees regarding the three constructs (Refer Table 2).

### Relationship among Employer Attractiveness and its Components and employee retention and competitive advantage

To understand the association of employer attractiveness and competitive advantage, Pearson correlation was used. For analyzing the strength among the variables, Cohen (1988) general guidelines were utilized. Table 2 revealed that there exists a positive significant correlation ( $r = .679, p < .01$ ) between employer attractiveness and competitive advantage.

Analysis for various dimensions of employer attractiveness revealed interest value ( $r = .599, p < .01$ ), and development value ( $r = .577, p < .01$ ) to have strong positive associations with competitive advantage, whereas social value ( $r = .428, p < .01$ ), application value ( $r = .421, p < .01$ ) and economic value ( $r = .355, p < .01$ ) were found to be moderately correlated with competitive advantage (Refer Table 2).

Table 2 also revealed the Pearson correlation coefficients for employer attractiveness (employer branding) with employee retention among the employees of select small and medium IT firms. The result revealed that there exists a positive correlation ( $r = .683, p < 0.5$ ) between employer attractiveness and competitive advantage. With regards to the dimensions of employer attractiveness, interest value ( $r = .650, p < .01$ ), development value ( $r = .630, p < .01$ ), and application value ( $r = .619, p < .01$ ) found to be strongly associated with employee retention whereas social value ( $r = .395, p < .01$ ) and economic value ( $r = .305, p < .01$ ) found to have moderate correlation with employee retention.

Pearson correlation coefficients for employee retention with competitive advantage can also

be seen from Table 2. The result revealed that there exists a positive significant correlation ( $r = .774, p < .01$ ) between employee retention and competitive advantage.

Hence the hypotheses related to relationship among three variables have been partially fulfilled and put to further testing.

### Impact of Employer Attractiveness on Competitive Advantage

To study the impact of employer attractiveness and its components on competitive advantage, use of simple linear regression was done. As, the results of correlation analysis supported the safe application of regression, each dimension of employer attractiveness was treated individually before computing the overall impact. Table 3 presents the regression results for the various tested relationships and their impacts.

It has been found that employer attractiveness is a significant predictor of competitive advantage and predicts 46% the total variance in the latter as, the adjusted  $R^2$  value was found to be .457,  $R^2 = .461, F(5,143) = 125.762, p < .001$ . Additionally, the

**Table 2:** Means, Standard Deviations, Inter-correlations and Reliability Co-efficient ( $\alpha$ )

	<i>M</i>	<i>SD</i>	<i>APV</i>	<i>SOV</i>	<i>DEV</i>	<i>ECV</i>	<i>INV</i>	<i>EMA</i>	<i>EMR</i>	<i>CMA</i>
APV	3.329	.873	(.745)							
SOV	3.366	.921	.254**	(.789)						
DEV	3.233	.992	.397**	.246**	(.782)					
ECV	3.529	1.097	.260**	.338**	.393**	(.859)				
INV	3.324	.936	.416**	.332**	.596**	.339**	(.848)			
EMA	3.356	.673	.647**	.615**	.759**	.697**	.764**	(.734)		
EMR	3.360	.716	.395**	.619**	.630**	.305**	.650**	.739**	(.886)	
CMA	3.289	.623	.421**	.428**	.577**	.355**	.599**	.679**	.774**	(.908)

Source: Author's analysis.

Note: M = Mean; SD = Standard Deviation; N = 149; \*\* represents p-value < .01; APV = Application Value; SOV = Social Value; DEV = Development Value; ECV = Economic Value; INV = Interest Value; EMA = Employer Attractiveness; CMA = Competitive Advantage

**Table 3:** Regression Results for the Relationships Between Employer Attractiveness, Competitive Advantage and Employee Retention

Model 1	Un-standardized Coefficient		Standardized Beta ( $\beta$ )	Model 2	Un-standardized Coefficient		Standardized Beta ( $\beta$ )
	Beta	S.E.			Beta	S.E.	
APV $\rightarrow$ CMA	.301	.053	.421***	APV $\rightarrow$ EMR	.533	.049	.395***
SOV $\rightarrow$ CMA	.289	.050	.428***	SOV $\rightarrow$ EMR	.237	.047	.619***
DEV $\rightarrow$ CMA	.363	.042	.577***	DEV $\rightarrow$ EMR	.446	.049	.631***
ECV $\rightarrow$ CMA	.201	.044	.355***	ECV $\rightarrow$ EMR	.258	.061	.305***
INV $\rightarrow$ CMA	.399	.044	.599***	INV $\rightarrow$ EMR	.482	.051	.650***
EMA $\rightarrow$ CMA	.629	.056	.679***	EMA $\rightarrow$ EMR	.786	.059	.739***
R <sup>2</sup>	0.461			.547			
Adjusted R <sup>2</sup>	0.457			.543			
F - Statistics	125.762			177.164			

Source: Author's analysis.

Note: N = 149, \*\*\* represents  $p < .001$ ; APV = Application Value; SOV = Social Value; ECV = Economic Value; DEV = Development Value; INV = Interest Value; EMA = Employer Attractiveness; EMR = Employee Retention; CMA = Competitive Advantage

components of employer attractiveness were also found to be a significant determinant of competitive advantage suggesting a significant impact of overall employer attractiveness on competitive advantage. However, interest value, development value, social value and application value found to be more important predictors of competitive advantage as compared to economic value.

### Employer Branding and Employee Retention

Table 3 presents the regression results for the various tested relationships and their impacts. It has been found that employer attractiveness is a significant predictor of employee retention and predicts 54% the total variance in the latter as, the adjusted R<sup>2</sup> value was found to be .543, R<sup>2</sup> = .547, F (5,143) = 177.164,  $p < .001$ . Additionally, the components of employer attractiveness were also found to be a significant determinant of employee retention suggesting a significant impact of

overall employer attractiveness on employee retention rate in an organization.

### Employee Retention and Competitive Advantage

To study the impact of employee retention on competitive advantage, use of simple linear regression was done. The results of regression analysis (Table 4) confirmed that

**Table 4:** Regression Results for the Relationship between Employee Retention and Competitive Advantage

Model 3	Unstandardized Co-efficient		Standardized Beta ( $\beta$ )
	Beta	S.E.	
EMR $\rightarrow$ CMA	.674	.046	.774
R <sup>2</sup>	0.599		
Adjusted R <sup>2</sup>	0.596		
F - Statistics	219.217		

Source: Author's analysis.

Note: N = 149, \*\*\* represents  $p < .001$ ; EMR = Employee Retention; CMA = Competitive Advantage

employee retention has a significant impact on the competitive advantage. It is seen that employee retention predicted 60% of variance in competitive advantage as, the adjusted  $R^2$  value was found to be .596,  $R^2 = .599$ ,  $F(1,147) = 219.217$ ,  $p < .001$ .

### Mediation by Employee Retention among the Relationship between Employer Attractiveness and Competitive Advantage

In order to test mediation, study relied on Model 4 of SPSS PROCESS macro offered by Hayes (2012). Table 5 and Table 6 presents the results of testing hypothesis IV, providing the value for direct ( $c'$ ) and indirect effect ( $a*b$ ) the model and bootstrapping confidence intervals (at 95%) for testing the significance of the indirect effect. If the confidence intervals do not include 0, the indirect effects are considered to be significant (Hayes, 2012).

For testing the relationship among employer attractiveness, employee retention and competitive advantage, the proposed mediator, employee retention was regressed on employer attractiveness to produce  $a$ , and competitive advantage was regressed on both employee retention and employer attractiveness which yields  $b$  and  $c'$  respectively, presented in Table 5. Further multiplying  $a$ , and  $b$  yields indirect effects which are shown in Table 6.

From Table 6, it is clearly visible that the indirect effect is statistically different from zero as revealed by 95% bootstrap confidence interval (BCaCI) that is entirely above zero. More specifically indirect effect of employer attractiveness on competitive advantage through employee retention was found to be significant, accepting the fourth hypothesis ( $H_4$ ).

**Table 5:** Regression Coefficients for Employer Attractiveness, Employee Retention and Competitive Advantage Study

Antecedent	Consequent							
	EMB				CMA			
		Coeff.	SE	p		Coeff.	SE	p
EMA	$a$	0.786	0.059	.000	$c'$	0.218	0.069	.002
EMB	-	-	-	-	$b$	0.522	0.065	.000
Constant	$i_1$	0.721	0.202	.000	$i_2$	0.800	0.167	.000
		$R^2 = 0.546$				$R^2 = 0.623$		
		$F(1,147) = 177.16, p = .000$				$F(2,146) = 121.084, p = .000$		

Source: Author's analysis

Note: EMA = Employer Attractiveness; EMR = Employee Retention; CMA = Competitive Advantage

**Table 6:** Indirect Effects of Employer Attractiveness on Competitive Advantage through Employee Retention

Antecedent	Mediator	Consequent	Bootstrapping (5,000 samples)		
			Indirect Effect with Bootstrapping ( $ab$ -path)	Percentile 95% Bias Corrected and Accelerated CIs	
				Lower	Upper
EMA	EMB	CMA	0.410**	0.292	0.531

Source: Author's analysis.

Note: EMA = Employer Attractiveness; EMR = Employee Retention; CMA = Competitive Advantage

From the results it can be concluded that employee retention acts as a significant mediator among employer attractiveness and competitive advantage. More specifically the results suggest a partial mediation as, the regression coefficients for the competitive advantage upon the introduction of a employee retention is significantly reduced. However, the overall significance of dependent variable in the mediation model is not nullified by the introduction of mediator variable.

Considering, the statistical results, the acceptance of H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub> and H<sub>4</sub> hypotheses can be established.

## CONCLUSION AND STRATEGIC IMPLICATIONS

The findings of the present study must make an important contribution to the body of knowledge for identifying the impact of employer attractiveness on employee retention and competitive advantage in small and medium IT firms. Various interesting facts have been revealed in this regard. Among the perception of small and medium IT employees regarding the dimensions of employer attractiveness highest mean scores were obtained for interest value followed by development value, social value and application value. However lowest score was obtained for economic value.

This study highlighted that modern-day employees are looking to work in “no-prisoners cultures”, where they must be valued and supported. The ever changing ‘work rules’ for a successful workplace is sustaining and thriving innovation, experimentation, and making things fun. The best part of this three-tier approach is that it is a self-reinforcing one as all of these efforts props up one another, and mutually creates an organization that is

quick-witted and highly productive. In the IT sector particular, employees’ looks more than a 9-5 Job, they incisive for work that will allow them to empty their passion into a common goal and situate genuine effort in overcoming challenges. They hunt for challenges in a creative way, collaborating on ideas, acclimatizing to new circumstances with similar ambitious folks. Additionally, the management needs to take note that focusing solely on remuneration as a *motivational* tool in today’s competitive era may be a dangerous mistake. Employee’s today measures employer attractiveness more in terms of 3A’s (Appreciation, Affiliation, Autonomy). Every person has an internal zeal to be appreciated for the things that they do and say (Moses, 2016). Appreciation recognizes one’s internal worth and uniqueness. Being appreciated, raised one’s self-esteem, increase their self-confidence and improve their sense of self. It’s thereby important for the managers to make a noise for employees’ accomplishments in the workplace, and it’s not only about the organizational milestones they have achieved but it’s also about making time for special appreciation of employees who are going through major jiffies in their lives, whether it’s getting hitched or passing a tough certification exam with flying colors. The employees high on affiliation seek warm and productive working relationships with others. They crave for social interaction and cooperation in the workplace. The ‘culture openness’ plays an important role in this. Holding offsite meetings, celebrating important days, or other events with bounty of social time incorporated in employees work life helps in flourishing the personal relationships which ultimately becomes the source of boosting the ‘we’re in it together’ vibe among the team members. Investing in team friendly physical environment that



might include a leisure area in the office, a cafe, or co-working space where employees could communicate and share their idea can help in improving the organizational effectiveness beyond the call of duty. Social Networks is another hot plate that can be used in the workplace to fashion a “space” for employees to collaborate. Companies are encouraged to use Blogs, GitHub, Youtube, Stackoverflow, Instagram along with traditional Facebook, LinkedIn and twitter to engage with their employees (Tanwar and Prasad, 2016). The organization should use their social media pages as a podium to host discussions about the company, its industry, and other topics that might interest the employees. The inclusion of videos, employee testimonials, information about benefits, a list of awards and recognition, current job openings on social media page of the company can attract not only the interest of companies’ current employees but may help in connecting with the potential employees. The companies might use YouTube as a space to the showcase videos that might highlight the key aspects of its culture and employer brand. Regularly maintaining and updating corporate online profiles would help in edifying a credibility and reputation among the employees.

Delighting employees by valuing employee independence at work is the core of building employer attractiveness. Organizations deeming in providing due autonomy to employees don’t waste their time scrutinizing how things get done, they believe that getting things done is what is more important. Autonomy helps improving employee experience and overall business efficiency by plummeting turnover and its associated costs. Building a company culture with autonomy implanted at its core requires proper messaging from the very start of an employee/employer

relationship. Leadership has an important role to play. Trusting Leadership who is ready to bestow a ladder to its employees to reach to the top induces the sense of self-esteem and self-worth. ‘Speaking and asking ‘employees regarding their opinions and advice hearten both trust and innovation among the employees.

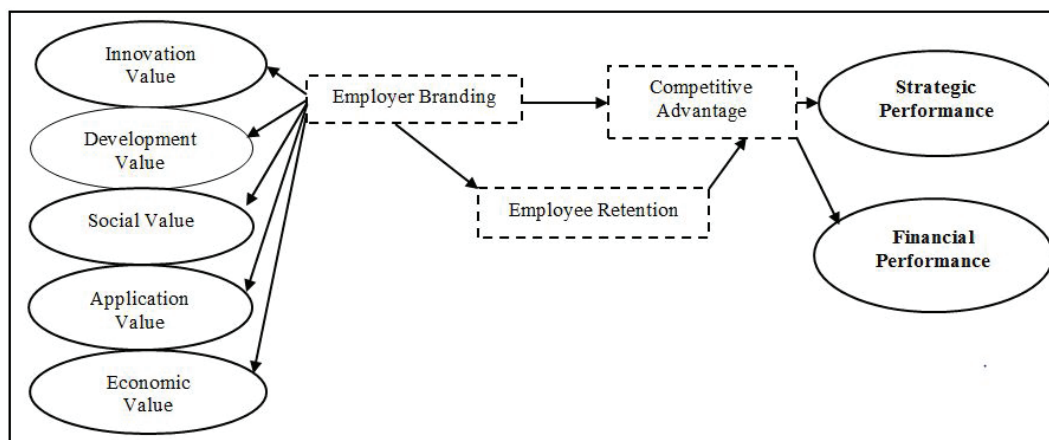
The findings of the study suggest that employer branding should be focused more on non-monetary factors over the materialistic components. Individuals prefer an organization that provides them an opportunity for career development and future employment. Employee should come up with perks that aims for employee professional and personal development. For example, investing in employee learning program in the form of Education Reimbursement Program, where employees should be encouraged to take company sponsored technical and behavioral courses with the collaborated universities. Google has a peer-to-peer learning program where Googlers teach other Googlers on various topics ranging from general (yoga) to subject specific (java coding) without charging a single penny. A recent survey by Gallop revealed that 87% of employees voted career development as the factor that they consider sticking to their jobs (Dvorak, 2017). They underscored that without growth they feel stagnant in their role which makes them restless and look elsewhere for opportunities. Additionally, it is seen from the results that individuals prefer an organization that provides them an opportunity to apply what they have learned and to teach others. Most of the previous work in building employer branding have given highest weightage to monetary benefits but results of this study is unique and eye opener for the organizations. The result of the study revealed that the non-

materialistic aspects of the work including autonomy, affiliation, career development, seems to be more imperative for the employees. Because of recession the money within the organizations is tight, that raised hesitation, freezing and pay-cuts in the companies. According to Elejalde-Ruiz (2017) that pre-2008, there is fall of 1.5 to 4 percent median annual base salary increments. Thus, retaining the best talent demands other alternative forms of compensation. Introducing innovative leave policy like marriage leaves, dog adoption leaves, birthday leaves, first day of period leave, beyond annual leave and casual leave can help them raises the employer brand among the eyes of employees.

The management should come up with career breaks for— experimenting with a new business idea, higher education or taking care of the health of a family member, etc. The study revealed that women employees are equally active in IT industry thus female-centric perks and benefits can play an important role in building employer brand. Maternity support by the organization in the form of maternity leave, flexible hours with full pay for expectant mothers, dedicated parking spot for ‘to be mothers; in the organizations

are few valuable initiatives. Dedicated cab facility, transport reimbursement if they have difficulty driving their own vehicles can be another few inventiveness which organizations should consider in their employer branding campaign. Additionally, the organizations may introduce ‘Adoption Assistance Program’ in which adoption allowance may be offered to employees for legal, agency, regulatory costs etc. associated in the process of adoption. Women employees adopting an infant can be given same benefits as under maternity policy. Paternity support where expectant fathers can avail paternity leave before or after the baby’s birth is another strategy that more and more organizations should target at. Employees are partial to the organizations that cultivate an environment of fun; happiness provides good collegial relationships and a team atmosphere. The employees also like to work with the organizations that fosters and encourages innovation. The result of the study reveals that the non-materialistic aspects of the work seems to be more important for the employees and hence organizations should linchpin them.

From the results of Pearson correlation and regression analysis, it can be concluded that



**Figure 1:** Proposed Empirically and Conceptual Driven Model  
 Source: Author's own.

there exists a significant positive relationship among employer branding, employee retention and competitive advantage. Further the application of mediation analysis among the relationship between employer attractiveness, employee retention and competitive advantage revealed some interesting findings. Although results didn't reveal a complete mediation, however the findings strongly supported the partial mediating effect of employee retention. The results signify that IT organizations under study retain their potential employees by edifice their organization's reputation as an employer in order to achieve the competitive advantage. The results acknowledged the significance of employer branding that is being neglected by small and medium IT firms.

The author of this study thereby recommends to management of small and medium firms to perceive corporate branding as an important aspect for their future growth and success. The SME needs to understand that Employer brand is not just associated with 'big, glamorous' MNCs, but is a corporate strategic tool, for every small and medium organization that needs to retain and engage good people to get an edge over their competitors. Employees becoming 'more urbane and suave shoppers' it is thus suggested to SME's to introduce employer branding in their core strategic and marketing effort to make organization an appealing place to work.

Based on empirical results and findings author of this study has proposed a conceptual model that might prove useful for the organizations.

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