

THE DIMENSION OF EMPLOYER BRANDING: ATTRACTING TALENTED EMPLOYEES TO LEVERAGE ORGANIZATIONAL COMPETITIVENESS

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Abstract: The challenge to meet the fulfillment of the workforce needs in Indonesia in the near future makes organizations immediately improve and use employer branding as an instrument of organizational competitiveness in “the war of talent”. This research invites us to explore the dimensions of employer branding and also examines the dimensions towards talented local employees (students) in Indonesia. Our findings, three of five dimensions of employer branding namely working environment, company reputation, and corporate vision provide a positive and significant influence on the interest of talented local employee’s career. Therefore, compensation benefits and corporate social responsibility as part of the employer branding’s dimensions are not considered by talented local employees in their intention to join the organization despite having a positive relationship. These findings provide insight into the importance of employer branding in maintaining the competitiveness of companies by focusing more on the intangible dimensions.

Keywords: Organization Competitiveness; Employer Branding Dimension; Talent Employee.

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Companies in Indonesia are starting to address the issue of fulfilling the quantity and quality of talented local employees at every level in the organization. The Asian Development Bank (2016), predicts the condition of Indonesian human resources in less than a decade into the future will still not be able to meet the needs of entry-level positions especially in large companies, due to scarcity of good quality candidates even

though the education fund has been raised by the government and has been ratified in the constitution. In the future, 55% of jobs in Indonesia will be administrative or managerial, compared to the current 36%. Indonesia has not been able to produce university graduates of excellent quality to fulfil the available position.

Employer branding conceptually provides companies with a strategic thinking framework where there is a collaboration between marketing and human resource management (Maxwell & Knox, 2009). Thus, the organization can attract, maintain, and also be able to contribute as a motivator for its employees. Brands also play a major role in selection, and strong employer branding will contribute to the

development of good employee attitude (Berthon, Ewing, and Hah, 2005).

The current workforce challenge is how to obtain high-quality and loyal workers. Therefore, strong employer branding is increasingly becoming relevant in today's business. Companies that embrace employer branding are companies that are well positioned to have a strong position in the competitive labor market (Cascio, 2014). In the past few years, studies on employer branding have not been widely carried out in Indonesia. In the previous study, Amelia and Nasution (2016), provide insight into the importance of employer branding in Indonesia particularly the war of talent in the mining industry.

This study aims to explore and examine the impact of the perception of talented local employees on the five components of employer branding which includes working environment, compensation and benefits, corporate reputation, corporate vision and leadership, and also corporate social and environmental responsibility towards their career interests. Furthermore, this study also determines the individual factors that are considered important by

talented local employees towards their interest in applying for jobs in the context of employer branding.

LITERATURE REVIEW

Employer Branding

Employer branding is a new idea that has been tested by practitioners and academics in the field of marketing. The term shows differences in the characteristics of the company as an employer from other competing companies. Employer branding underlines the unique aspects of a company's offer or environment (Backhaus & Tikoo, 2004). "Employer Branding" as a concept borrowed from marketing explains the level of attractiveness of an employee and talented local employees of the company. Employer branding helps organizations focus on how they can identify themselves in the marketplace as employers of employees and talented employees; for new recruitment as well as suppliers or partners of customers (Lievens & Slaughter, 2016).

Table 1 The Dimension of Employer Branding

Employer Branding Dimension	References
Working Environment	Swider, Zimmerman, Charlier, and J. Pierotti (2015) and Boamah and Laschinger (2016).
Compensation and Benefit	Gilani and Cunningham (2017) and Widyarningsih (2016).
Corporate Reputation	Biswas and Suar (2016) and Jain and Bhatt (2015).
Corporate Vision and Leadership	Wallace, Chernatony, and Buil (2013).
Corporate Social and Environmental Responsibility	Biswas and Suar (2016) and Jones, Wicks, and Freeman (2017).

The main objective of the employer branding concept is to positively influence employees and talented local employees to attract high-quality employees (Saini, et al., 2013). The use of the principles of branding in human resource management is currently called "employer branding". The increasing use of employer branding concept by companies is to attract attention and ensure that all employees participate in the company's culture and

strategy. Employer branding places an image that shows the organization/company as "a good place to work".

Many scholars stated that employer branding influences the success of the company to improve the quality and quantity of applicants. Many companies have developed formal employer branding or interest in developing the program (Botha, et al., 2011). Since the company operates its operations in

a strong global competition, strong employer branding has become a crucial solution to improve excellence in “the war of talent”.

Employer Branding in Indonesia

Employer branding in Indonesia has been initiated by several large companies to obtain the required organizational assets. In the future, the role of employer branding will be increasingly crucial given the increasingly scarce quality workforce and the limitations of the talented pool. Employer branding strategies are becoming important with the increasingly fierce industrial competition in Indonesia, particularly in several industries that require specific quality workforce such as in the banking and mining sector.

A study from Kusuma and Prasetya (2017), found that PT Bank Central Asia Tbk (BCA) realized the importance of employer branding and formed an employee value proposition to create high-quality employee engagement. In other sectors such as mining, Amelia and Nasution (2016), emphasize the importance of employer branding in the face of competition for prospective employees. Both of them agree that employer branding has an important role in increasing organizational competition through employer branding.

RESEARCH FRAMEWORK AND HYPOTHESIS

The dimensions of the working environment are relevant in the discussion of employer branding, see Table 1. Swider, et al., (2015), revealed the importance of working environment factors as a major factor in accepting job offers. Boamah and Laschinger (2016), also emphasized the importance of the working environment as an instrument to retain employees and also encourage employee involvement in the organization. Thus, the hypothesis is:

H1: There is a positive and significant relationship between the perceptions of talented local employees regarding the working environment towards the intention to apply for a job.

Individuals will feel proud if they work and have benefits which are in line with their expectations. Strictly speaking, Gilani and Cunningham (2017) explain that individuals will feel more valued and have a better attachment with the organization if they get a better salary and other appropriate compensation. Widyaningsih (2016), stated that other compensation obtained includes health insurance, pensions, and incentives in the form of bonuses. Therefore, the hypothesis that can be built is:

H2: There is a positive and significant relationship between the perception of talented employees of compensation and benefits towards the intention to apply for a job.

Corporate reputation has a significant influence on the company's talented employees (Biswas & Suar, 2016). Biswar and Suar also argue employee will feel proud to be able to join a company with a good image or reputation. Jain and Bhatt (2015), in their study found that for career choices in companies, individuals will consider several interests that have a positive impact on themselves, among others, the reputation and stability of the company, work balance, and job security.

H3: There is a positive and significant relationship between the perceptions of talented employees of corporate reputation towards the intention to apply for a job.

According to Wallace, et al. (2013), leadership in an organization will determine the commitment of its workers. In other words, a leader is key to running an organization effectively (Biswas & Suar, 2016). In the midst of competitive organizations today. It will be easier to lose employees because offers are better from elsewhere. Thus, it is not just about job security and compensation that is important but also career potential and self-development.

H4: There is a positive and significant relationship between the perception of talented employees of corporate vision and leadership towards the intention to apply for a job.

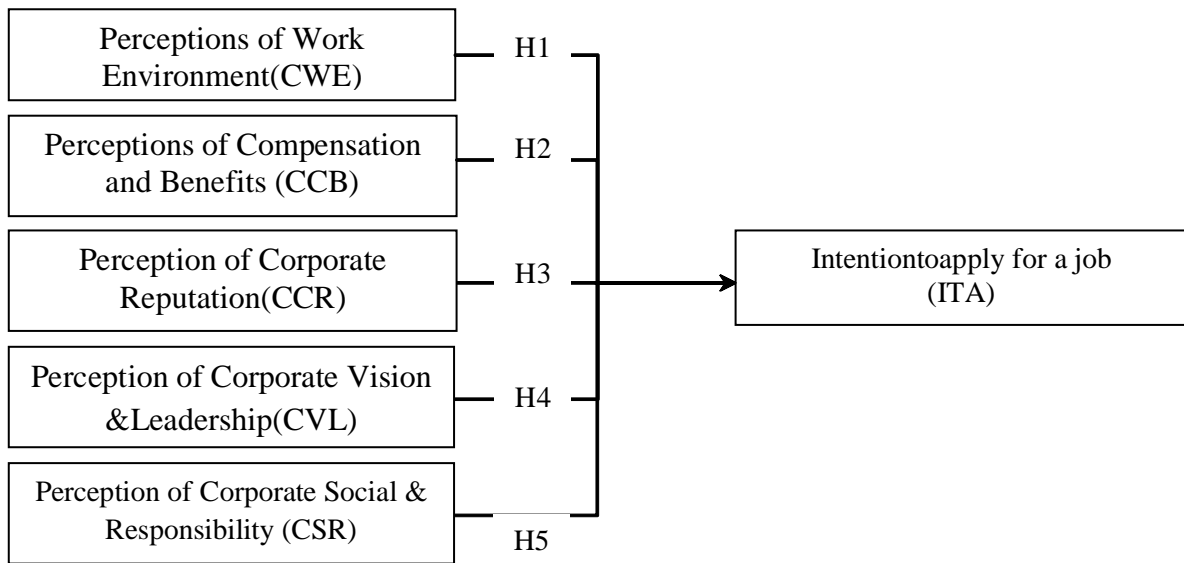


Figure 1 Research Framework and Hypothesis

Jones, et al. (2017), shows that there is a link between CSR companies' CSR programs and strong employer branding. CSR in practice can change the company's image and become a measure of for employees and talented employees in their career choices. The better the CSR owned by the companies, the better it will further increase the desire of talented employees towards the company as their career choice in the future.

H5: There is a positive and significant relationship between the perception of talented employees of corporate social and environmental responsibility towards the intention to apply for a job.

METHOD

Direct surveys are conducted using a purposive sampling approach for talented local employ-

ees, who are students in Jakarta and Tangerang, Indonesia. This research is aimed more t at students majoring in management and accounting because these students are more likely to have a career in managerial positions. The surveys succeeded in collecting 277 respondents based on predetermined goals. The statements given by the respondents were measured using a Likert scale from 1 "Strongly Disagree" to 5 "Strongly Agree" because the Lickert scale has better quality results than other scales (Revilla, et al., 2013). The data analysis used Structural Equation Model (SEM) to show the relationship between variables with AMOS software version 24.

Table 3 Research Instrument

Code	Observed Variable	References
CWE_2 CWE_3	My working environment should encourage employee creativity A dynamic working environment will be my choice as a place to work	(Hur, 2012)
CCB_3 CCB_4 CCB_5	Compensation in the form of health and life insurance is my priority Retirement benefits are a factor to be considered Further study is a consideration I choose if offered in the workplace	(Hur, 2012)
CCR_2 CCR_3 CCR_4	Reputable companies attract me more in career development Prestigious companies attract me more as an ideal workplace A well-respected company is my reason for my future career	Alnýaqýk, et al., 2014) and (Hur, 2012)
CVL_2 CVL_3 CVL_4	Corporate culture is my consideration for my future career High ethical standards at a workplace attract me more Strong leadership is the reason for choosing a workplace	Alnýaqýk, et al., 2014) and (Hur, 2012)
CSR_1 CSR_2 CSR_3	Environment friendly products are my consideration in starting my career Companies that focus on the environment is the reason I want to submit my job application Companies that are active in the community will give more value	Alnýaqýk, et al., 2014) and (Hur, 2012)
ITA_1 ITA_3 ITA_4	I want to work for the company that I desire immediately I am willing to accept whatever benefits offered from the company that I desire I will be serious and willing to work for the company that I desire	Alnýaqýk, et al., 2014)

RESULTS

Respondents’ Profile

The profile of respondents from the survey shows that the sex ratio is quite balanced with 46.7 percent of male respondents and the rest are women with 53.43 percent, as explained in Table 4. Based on the educational background perspective, respondents in management majors dominated more than

respondents in accounting majors with a ratio of 70.76 percent compared to 29.24 percent. Finally, based on the study period student respondents dominated more than the final level student as respondents with a ratio of 66.06 percent compared to 33.94 percent. Profiles with GPA > 3.00 dominated the survey with 65.53 percent and followed by GPA < 2.99 with 34.47 percent.

Table 4 Profile of Respondents

		Frequency	Percentage (%)
Gender	Male	129	46.57
	Female	148	53.43
Major	Accounting	81	29.24
	Management	196	70.76
GPAScale out of 4	< 2,49	15	5.41
	2,50 < x < 2,99	82	29.60
	> 3,00	181	65.53

Validity and Reliability

According to Peterson and Kim (2013), to achieve valid and reliable data must meet specific parameters. Data validity must meet $AVE > 0.5$ while reliability $CR > 0.6$. All data is in accordance with the requirements. To fulfil these requirements, researchers eliminate some of the observed variables. We reduce several variables, CWE as many

as 2 variables (WE_1 and WE_4), CCB as many as 2 variables (CB_1 and CB_2), CCR as many as 2 variables (CR_1 and CR_5), CCV as many as 2 variables (CV_1 and CV_5), CS as many as 1 variable (CS_4) and ITA as many as 2 variables (ITA_2 and ITA_5). Details are shown in Table 5 and Figure 2.

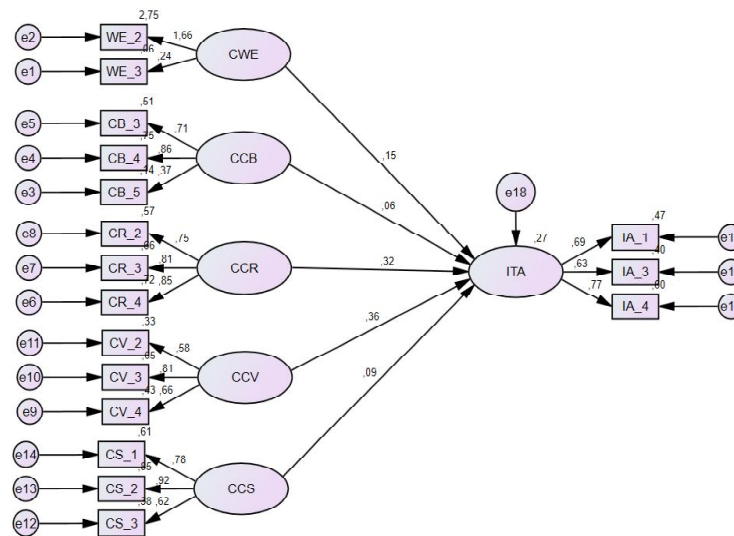


Figure 2 Structural Equation Modeling Output Analysis

Table 5 Validity and Reliability Result

	ITA	CWE	CCB	CCR	CCV	CCS	Standard Value
CR	0.715	0.611	0.699	0.898	0.723	0.820	C.R>0.6AVE>0.5
AVE	0.553	0.545	0.543	0.695	0.561	0.662	

Source: Research Analysis (2018)

Goodness-of-fit

Overall, the result has met the standardization of the model feasibility index, see Table 6. Almost all capable values are as required. Some indicators have difficulty meeting the required indicator tar-

gets, CFI, TLI, and GFI. The targets refer to the range of indicator values 0 to 1, where 0 indicates poor fit and 1 indicates the perfect fit (Hair, et al., 2014). Thus, CFI, TLI, and GFI, then these results should be categorized as feasible.

Table 6 Goodness-of-Fit Results

Indicator	Match Level Target	Estimation Result	References	Fit Measurement
CMIN/DF	≤ 2-5	X ² /df= 3.326	(Hair, et al., 2014)	<i>Best Fit</i>
CFI	≥ .90	.833		<i>Fit</i>
TLI	≥ .90	.801		<i>Fit</i>
RMSEA	≤ .08	.092		<i>Best Fit</i>
GFI	≥ .90	.859		<i>Fit</i>

Source: Research Analysis (2018)

Hypothesis Testing

The analysis found that the five-variable relationship on employer branding did not all have a positive and significant relationship, see Table 7. H1, H3, and H4 are acceptable hypotheses because they have P-values that meet the required indicators,

namely (P <0.001 to P <0.01), H1 with a value of P with 0.004, H3 and H4 with 0,000. Whereas H2 and H5 cannot be accepted (rejected) because it was unable to fulfil the required value, H2 = 0.446 and H5= 0.276.

Table 7 Hypothesis Testing Results

Hypothesis	Path Relationship	Estimate (S)	C.R.	P	Decision
H1	CWE →	0,153	3,238	0,001	S***
H2	CCB →	0,058	0,730	0,446	NS
H3	CCR → ITA	0,319	4,120	***	S***
H4	CCV →	0,363	3,824	***	S***
H5	CCS →	0,086	1,089	0,276	NS

(S) Supported; (NS) Not Supported; *significant at 0,05; **at 0,01; *** at 0,001

Source: Research Analysis (2018)

Corporate vision and leadership have the biggest influence due to the largest coefficient value as compared to other dimensions of employer branding with a coefficient value of 0.363. The next position was followed by corporate reputation with 0.319 and working environment with 0.153. These results indicate that in maintaining the competitiveness of companies in recruiting talented employees through employee branding, companies can prioritize corporate vision followed by other dimensions of employer branding. While the elements of compensation and benefit and corporate social responsibility, do not have a significant influence on the

interests of local talent employees, these elements may still be a concern for the company.

DISCUSSION

This research proves that employer branding has positive implications for the intention of talented local employees to apply to the organization. Other findings show that of the five dimensions of employer branding, only three affect significantly, corporate vision and leadership, corporate reputation and working environment. The research findings corroborate several previous studies (Wallace, et al., 2013, Biswas and Suar, 2016, and Swider, et al., 2015).

Corporate vision and leadership can attract every member of the organization to move forward and provide information in running the organization and also in maintaining the sustainability of the company. For talented employees, corporate vision and leadership are considered important because they can attract them to work better, not only in terms of position but also self-development. Corporate reputation is the behaviour of the company in carrying out its activities. Companies with the best corporate reputation will be more attractive for talented employees to want to join the organization. The working environment also has an important role because it maintains organization continuity and employee retention. Low employee turnover is a form of organization success (Boamah & Laschinger, 2016). From the perspective of talented local employees, Boamah and Laschinger argue that the low turnover rate is evidence that the organization can maintain their assets properly.

Compensation benefits are no longer the main consideration of talented employees to join the organization. This finding was contrary to the study conducted by Gilani and Cunningham (2017). This point of view emphasizes that talented employees need more long-term relationships in an organization. For them, compensation benefits obtained are provided in line with their careers in the organization. This also applies to CSR organizations. A good CSR organization will not necessarily attract prospective workers to apply. CSR is an organizational necessity that must be run and regulated by the government.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

To anticipate the challenges caused by the lack of supply of talented employees, employer branding can be a solution. Of the five dimensions of employer branding, only three were able to have a strong influence on talented local employees to apply for a job. The three dimensions studied are more directed at dimensions that tend to be intangible. Whilst tangible dimensions become dimensions that are not

considered by talented employees. The priorities of the organization which are corporate vision and leadership, corporate reputation, and the working environment respectively must be considered in the creation of employer branding. On the other hand, compensation benefit and CSR are the dimensions of employer branding that do not attract the interest of talented employees to join their desired organization.

Recommendations

This research has limitations, and the results should not be accepted fully at face value. In the sampling, there should have been a more equitable distribution sample in several major cities in Indonesia, cities that have the potential to absorb qualified, talented employees. Furthermore, as the scope of the study is very limited, the findings of this study need to be examined further.

From this study, one employer's branding dimension related to compensation and benefits was found to be no longer the main consideration with regards to the intention of talented employees to join a company or organisation. This contradicts previous research that encourages improvement of the compensation and benefits dimension to attract talented local employees.

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