Influence Of Perceived Employer Branding On Perceived Organizational Culture, Employee Identity And Employee Commitment

Dilhani Anuradha Akuratiya

Abstract: All organizations strive for sustainable competitive advantage in order to attain profit and survive in the increasingly competitive marketplace. In such situation human resources have become crucial to achieve competitive advantage, especially in the service oriented industries. In order to achieve competitive advantage, it is necessary to retain talented employees within the organization. To attract and retain talented employees within organizations, employers are using employer branding to separate their organization from its competitors and build an image as a good place to work. Thus, the key intention of the study was to explore, “influence of perceived employer branding on perceived organizational culture and employee identity, and how in turn affect to increase employee commitment”. In the present study, employer branding model was based on culture, identity and commitment in licensed financial companies. Research population consisted executive level employees of top ten licensed financial companies. Sampling method was convenience sampling and data collection instrument was questionnaire. Correlation and regression analysis was used to analyze the data. Results from the analysis showed that perceived employer branding had significant influence on perceived organizational culture and employee identity and in turn they had a significant effect on employee commitment.

Index Terms: Employee Commitment, Employee Identity, Perceived Employer Branding, Perceived Organizational Culture

I. INTRODUCTION

In present era, due to the competitive economic environment, promotion of employer brand is vital to bring profits to the companies and to attract and retain employees. Likewise the consumer branding influence the consumer’s desire to make the purchase decision, employer branding influence the professional’s desire to work for a particular organization through various functional and economic aspects. Employer branding is doing this through the culture, personality and image. Simply, culture state how to work in a company and personality and image describes how mentally employee have imagine any company. According to Backhaus and Tikoo (2004) promoting employer branding within and outside the organization, clearly makes a different and desirable employer. The term employer brand was first introduced in the early 1990s by Amber and Barrow (Backhaus & Tikoo, 2004; Gaswami & Agarwal, 2015; Rathee & Ritu, 2015). And since then, employer branding become popular among global management community. Employer branding is a collection package of various activities that facilitate to attract and retain potential and existing employees. Especially in the 21st century, talented employees do not selected by the company, rather they by themselves select the organization as their employer (Gupta et al., 2014). Hence image of the company must be good. Efficiency and talent of employees are the success factors of any organization. But these days’ companies are facing a huge problem to attract and retaining talented employees due to the high competition. In such environment employer branding works as the best possible way of attracting and retaining talented employees and solution to offset the shortage of talent.

Whether companies are small or large scale they have been adopted it to attract and retain best possible employee for the right job. Literature clearly shows that most of the studies examined the employer branding as an attraction technique among potential employees. Nonetheless, the present research examined the influence of perceived employer branding on existing workforce retention (employee’s commitment). In order to analyze this research problem it is relevant to understand: what is employer branding, and how it possibly affects the employment experience or employees’ commitment. This concept appealed to the researcher being a rather new and revolutionary concept. Employee commitment has gained much interest for decades now. Additionally product and organizational branding has reached an accepted status among scholars and practitioners. However the concept of using branding methods on personnel is still relatively a new phenomenon, so it is a worthwhile research topic. The researcher has investigated the research problem by researching and analyzing existing literature and testing problem empirically. Research Problem is “how does perceived employer brand influences perceived organizational culture and employee identity and in turn how they will influence employee’s commitment?” and this paper tries to fulfill:

i. Identify the influence of perceived employer branding on perceived organizational culture
ii. Identify the influence of perceived organizational culture on employee’s commitment
iii. Identify the influence of perceived employer branding on employee identity
iv. Identify the influence of employee identity on employee’s commitment

II. LITERATURE REVIEW

The concept of Employer Branding was first introduced to the literature in 1990s in consequence to the “war for talent” (Backhaus & Tikoo, 2004). According to the CIPD report (2010) in the beginning of the 21st century companies were facing skill shortages due to tight labor markets and low unemployment rates. That created a need to attract the

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best talent to survive in the markets. Literature point out that the rising interest in employer branding has emerged due to the changes took place economically and demographically in local and global context. This has lead the companies to understand the increasing value of attracting and retaining the top talent (Mosely, 2007). Backhaus and Tikoo (2004) argue that employer branding aims to promote the desirable working aspects of a specific company, both internally and externally in order to attract and engage potential and existing employees. The employer brand works as a psychological motives to the employees. To attract and retain employees, companies offer different types of beneficial employment packages, in form of pay and benefits, working environment, achievement motivation, work-life balance, education for future, internal and external support, professional development, career planning, inspiring colleagues, emotional attachment, possibilities like working from home, flexibility in working hours, leave and compensation benefits, social and mental satisfaction, challenging work, secured employment, project procurement, etc. (Gaddam, 2008). The objective behind giving these intangible and tangible benefits is to promote a “superior employment experience” to employees and to picture the company as a desirable place to work.

**Employee Identity**

Organizations try to gain identification with employees to make sure employees’ decisions will be made with the organization’s interests in mind. “Identification has been linked to greater employee compliance, lower attrition, lower in-group conflict, and an increase in behaviors congruent with the organization’s identity. It also has been found to affect member decision making and sense-making” (Dutton et al., 1994). According to Puusa and Tolvanen (2006) strong organizational identity affects the level of identification of individuals within the organization, which in turn creates trust. When organizational members realized how strongly they have been identified with the organization, their level of trust increase and thus creates stronger commitment to the organization and its goals (Puusa & Tolvanen, 2006). O’Reilly et al. (1996) found that the degree of perceived organizational identity affects tenure and intensity of commitment to the organization. The longer employees stay, the greater the degree of pride and ownership and increased organizational identity that the members feel. According to the Backhaus and Tikoo (2004) organizational identity is the attitudial element of the employer brand loyalty. Employer branding is often used to affect the organizational identity, and in turn affect the employer brand loyalty (Backhaus & Tikoo, 2004). One of the key aims of an employer branding programme is to encourage existing employees to identify with the organization (Edwards, 2010). From the perspective of employer branding, theoretical discussions linked to organizational identity can add and contribute to understanding the employer branding (Edwards, 2010).

**Perceived Employer Branding**

The concept of Employer Branding was first introduced to the literature in 1990s in consequence to the “war for talent” (Backhaus & Tikoo, 2004). According to the CIPD report (2010) in the beginning of the 21st century companies were facing skill shortages due to tight labor markets and low unemployment rates. That created a need to attract the best talent to survive in the markets. Literature point out that the rising interest in employer branding has emerged due to the changes took place economically and demographically in local and global context. This has lead the companies to understand the increasing value of attracting and retaining the top talent (Mosely, 2007). Backhaus and Tikoo (2004) argue that employer branding aims to promote the desirable working aspects of a specific company, both internally and externally in order to attract and engage potential and existing employees. The employer brand works as a psychological motives to the employees. To attract and retain employees, companies offer different types of beneficial employment packages, in form of pay and benefits, working environment, achievement motivation, work-life balance, education for future, internal and external support, professional development, career planning, inspiring colleagues, emotional attachment, possibilities like working from home, flexibility in working hours, leave and compensation benefits, social and mental satisfaction, challenging work, secured employment, project procurement, etc. (Gaddam, 2008). The objective behind giving these intangible and tangible benefits is to promote a “superior employment experience” to employees and to picture the company as a desirable place to work.

**Perceived Organizational Culture**

According to Greenberg and Baron (1995) organizational culture is “a framework of values, beliefs, attitudes, norms, behavior of employees and their expectations which are shared within the organization by its members” (cited in Shahzad, 2014). Research evidence suggest that organizational culture exerts a considerable influence on organizational behavior, especially in the area of efficiency, effectiveness, and commitment (Nongo & Ikyanyon, 2012). This means that by developing an appropriate culture, organizations can achieve success. Deal and Kennedy (1988) argue that organizational culture affects the commitment of employees within the organization and the strength of organizational commitment is correlated with the strength of organizational culture (cited in Nongo & Ikyanyon, 2012). Culture of any organization plays a vital role to create employer branding (Gaddam, 2008). According to the Gaddam (2008) physical working environment, the structure of the organization, the size of the organization and the organization’s approach to work are part and partial of organizational culture. Further organizational culture is the basic personality of any organization. Organizational culture is one of the important factor which account for the success and failure of any organization. So when picturing the organization as a good place to work, organizational culture plays a vital role and through employer brand, culture could be influenced. Because cultural dimensions like organizational values, heroes, rites and rituals and cultural networks build employer branding as well as employer branding can change these dimensions (Gaddam, 2008). Semnani and Fard (2014) said, that there is a strong association between culture and employees’ commitment because organizational culture inferred that an employee is more prepared to offer an additional support to the brand and the
company in his/her performance. Employer branding as a process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constitutes (Miles & Mongold, 2005). If culture is described as a ‘collective programming of the mind’, that reinforces ‘patterned ways of thinking, feeling and reacting’, then employer branding can evolve the employees within the organization think, feel and react towards customers and brand (Mosley, 2007). It is generally agreed that intangible employer brand characteristic such as culture is far more difficult for competitors to copy than the operational components (Mosley, 2007). When organization’s culture is aligned with the desired employer brand, it helps to have an increased employee commitment.

**Employee Commitment**

The concept of organizational commitment has attracted a great deal of interest in the human resource management and psychology literatures. For example, employee commitment and loyalty are a central feature in the high performance workplace literature in which they are seen as mediating factors linking different types of human resource management and employment practices to enhanced performance. Mowday et al. (1979) viewed organizational commitment as “the psychological strength of an employee’s attachment and involvement with the organization” (cited in Nongo & Ikyanyon, 2012). A committed employee is determined to stay with the organization irrespective of whether the organization is in a favourable or unfavourable state (Allen & Meyer, 1990). According to Bateman and Strasser (1984) organizational commitment is about “an employee’s loyalty to the organization, the willingness to exert effort on behalf of the organization, the degree of goal and value congruency between the employee and the organization, and the employee’s desire to remain employed by the organization” (cited in Messner, 2013). In this context, Meyer and Allen (1991) distinguish three dimensions to organizational commitment: affective commitment; normative commitment; and continuance commitment. According to Backhaus and Tikoo (2004) employer brand loyalty is analogous to organizational commitment. Research suggest that organizational commitment is related to organizational culture. Inherent character of employer brand is a ‘give’ and a ‘get’ that aligns with culture and employee commitment (Mosley, 2007). Fatima and Sheikh (2017) in their paper said that, when employees understand the organizational culture then employee commitment towards the organization will increase. When employees highly involved with the brand it results employee happiness and employees consider themselves as valued entities in human resource (Uma & Metilda, 2012). Due to that they become more productive through their commitment and show consistency in their performance (Uma & Metilda, 2012). When employer branding is directly related with the physical and psychological working environment of employees, organization can exhibit a better image in the minds of employees by presenting itself as an excellent employer which cares for its employees (Sennmani and Fard, 2014). Through internal branding, employer branding can affect employee’s identity, involving employee’s commitment (Sennmani and Fard, 2014). Svenningsson and Alvesson (2003) described employee identity as a central point of understanding employee motivation, commitment and their decision making within the organization (cited in Shaker & Ahmed, 2014, p.54).

**III. RESEARCH MODEL AND HYPOTHESES**

The study of perceived employer branding and employee commitment is not empirically tested previously. So in this study researcher has tested influence of perceived employer branding on perceived organizational culture and employee identity and in turn how these variables influence employee commitment.

This study test the following hypotheses;

- \( H_1: \) There is a direct influence of perceived employer branding on employee perceived organizational culture
- \( H_2: \) There is a direct influence of employee perceived organizational culture on employee’s commitment
- \( H_3: \) There is a direct influence of perceived employer branding on employee identity
- \( H_4: \) There is a direct influence of employee identity on employee’s commitment

**IV. RESEARCH METHODOLOGY**

Based on LMD 100, top ten licensed finance companies was chosen as the target population for this study. This study aimed to investigates of perceived employer branding process in leasing industry, therefore participants were selected from top ten finance companies in Sri Lanka. Thus, population consisted employees in executive level who contact with customers of selected 10 licensed finance companies in Colombo city. The sampling method was convenience sample method. The number of sample respondents was 160 from that sixty six percent (66%) respondents were male and remaining thirty four percent (34%) respondents were females. Out of which 160, 132 completed questionnaires were returned and from that 123 questionnaires were useable. The responses in questionnaire were then analyzed with help of SPSS Ver. 19.0.

**Measurement**

A two part questionnaire was designed for this study. First part consisted basic information about respondent including gender, age, education, marital status and work experience, part two included questions to assess employee’s perception about employer branding, organizational identity, organizational culture and organizational commitment. Since perceived employer branding, as a research phenomenon, is rather underdeveloped, researcher could not find any previously constructed questionnaires to use, which covered all areas of the employer branding. However questions relating to employee identity, culture and employee commitment were obtained from following three established research-based instruments: (a) the Organizational Identification Scale containing 6 questions (OID) by Becker (1992), (b) the Organizational Culture Survey by Glaser, Zamanou, and Hacker (1987) containing 21 questions under 4 dimensions, and (c) the Organizational Commitment Questionnaire (OCQ) by Meyer and Allen (1996) containing 15 questions under 3 dimensions. The first part included nominal scales, and the remainder parts were measured using the five point Likert scale, ranging from strongly disagree (1) to strongly agree.
(5). Before conducting the main survey, a pilot study was performed and using the responses slightly moderated the questionnaire. The pilot test involved 10 respondents. Following table shows the reliability statistics under Cronbach’s alpha, reliabilities are higher than 0.7 indicating good consistency among the items and measure to be acceptable. Coefficient alpha should be above 0.7 (Nunnally, 1978, cited in Pallant, 2007).

**Table 1: Reliability Statistics of Measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Cronbach’s alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived employer branding</td>
<td>.72</td>
<td>08</td>
</tr>
<tr>
<td>Perceived organizational culture</td>
<td>.93</td>
<td>21</td>
</tr>
<tr>
<td>Employee identity</td>
<td>.79</td>
<td>06</td>
</tr>
<tr>
<td>Affective Commitment</td>
<td>.95</td>
<td>05</td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>.93</td>
<td>05</td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td>.86</td>
<td>05</td>
</tr>
<tr>
<td>Employee Commitment</td>
<td>.91</td>
<td>15</td>
</tr>
</tbody>
</table>

Results and Discussion

Table 2 reflects the correlation between variables and strength of relationship between two constructs.

**Table 2: Correlation Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Perceived employer branding</th>
<th>Perceived organizational culture</th>
<th>Employee identity</th>
<th>Employee commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived employer branding</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived organizational culture</td>
<td>.638”</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee identity</td>
<td>.643”</td>
<td>.740”</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employee commitment</td>
<td>.511”</td>
<td>.546”</td>
<td>.463”</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

_N=123_

Above table shows that there was a significant positive correlation between perceived employer branding and perceived organizational culture (r = .638, p < 0.01). This means that in these organizations, perceived employer branding strongly reinforces and changes perceived organizational culture. Perceived organizational culture is significantly and positively correlate with the employee commitment (r = .546, p<0.01). As for the perceived organizational culture, it has a significant positive correlation with affective commitment (r = .65, p<0.01) but weakly correlated with the continuance commitment (r = .34, p<0.01) and normative commitment (r = .37, p<0.01) (appendix B). Table 2 shows that the perceived employer branding is significant and positively correlated with the employee identity (r = 0.643, p < 0.01). This means that, perception about the organization strengthen the employee identity among organizational employees. Also the above table shows that the employee identity is positively correlated with the employee commitment (r=-0.463, p < 0.01). As managers impress their desired organizational images on employees, that ultimately lead to increase the employee commitment.

Hypotheses testing

The standardized beta (β) for perceived employer branding indicates there is a positive relationship between perceived employer branding and perceived organizational culture and the degree to which perceived employer branding affects organizational culture is .638. In addition the probability for the t-statistics (9.106) for the standardized beta coefficient is significant at .000 which is less than .05. Perceived employer branding explains the 40.7 per cent of the variance in perceived organizational culture as shown in R². As there is a significant contribution from perceived employer branding towards perceived organizational culture, hypothesis 1 of the study is supported. The standardized beta (β) for perceived organizational culture indicates there is a positive relationship between perceived organizational culture and employee commitment and the degree to which perceived organizational commitment affects employee commitment is .546. In addition the probability for the t-statistics (7.177) for the standardized beta coefficient is significant at .000 which is less than .05. Perceived organizational culture explains the 29.9 per cent of the variance in employee identity as shown in R². As there is a significant contribution from perceived organizational culture towards employee commitment, hypothesis 2 of the study is supported. According to the appendix B, 42 per cent of the perceived organizational culture affects to the affective commitment as shown in R². When compared with the other two types (continuance and normative) of commitment, perceived organizational culture do a good job in explaining the variation in the affective commitment. The standardized beta (β) for perceived employer branding indicates there is a positive relationship between perceived employer branding and employee identity and the degree to which perceived employer branding affects employee identity is .643. In addition the probability for the t-statistics (9.242) for the standardized beta coefficient is significant at .000 which is less than .05. Perceived employer branding explains the 41.4 per cent of the variance in employee identity as shown in R². As there is a significantly contribution from perceived employer branding towards employee identity, hypothesis 3 of the study is supported. The standardized beta (β) for perceived organizational culture towards employee commitment, hypothesis 2 of the study is supported. The standardized beta (β) for employee identity indicates there is a positive relationship between employee identity and employee commitment and the degree to which employee identity affects employee commitment is .463. In addition the probability for the t-statistics (5.747) for the standardized beta coefficient is significant at .000 which is less than .05. Employee identity explains the 21.4 per cent of the variance in employee commitment as shown in R². As there is a significantly contribution from employee identity towards employee commitment, hypothesis 4 of the study is supported.
Table 3: Summary of Multiple Regression Analysis
Predicting Perceived Organizational Culture, Employee Identity and Employee Commitment

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Beta (β)</th>
<th>R²</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived employer branding</td>
<td>Perceived organizational culture</td>
<td>.638</td>
<td>.407</td>
<td>9.106</td>
<td>.000</td>
</tr>
<tr>
<td>Perceived organizational culture</td>
<td>Employee commitment</td>
<td>.546</td>
<td>.299</td>
<td>7.177</td>
<td>.000</td>
</tr>
<tr>
<td>Perceived employer branding</td>
<td>Employee identity</td>
<td>.643</td>
<td>.414</td>
<td>9.242</td>
<td>.000</td>
</tr>
<tr>
<td>Employer identity</td>
<td>Employee commitment</td>
<td>.463</td>
<td>.214</td>
<td>5.747</td>
<td>.000</td>
</tr>
</tbody>
</table>

N = 123

IV. CONCLUSION AND RECOMMENDATION

Though there are a plethora of theories and a large number of literature about marketing and branding, however, there are only few theories available relating to employer branding (Dawn and Biswas, 2010). The emphasis on the human resource to obtain sustainable competitive advantage by organizations are continuously increasing. Accordingly the organizations are focusing on increasing employee commitment with the employer branding and as a result it has become an emerging field in current HRM research. Using employer branding one firm can differentiate its characteristics as an employer from their competitors. The direct relationships between perceived employer branding and perceived organizational culture and perceived organizational culture and employee commitment were supported by the data collected in the research context. Also direct relationships between perceived employer branding and employee identity, and employee identity and employee commitment were supported. Also it was confirmed that organizational culture mostly impact on the affective commitment of employees compared to other two commitment types.

Limitations and Further Research

This study, as with any research has some limitations. Thus, it should be considered that generalization of the findings is limited to similar conditions. First, the respondents in this study were limited to executive level employees of licensed finance companies in Sri Lanka. Moreover similar studies could be conducted using entire leasing industry or other industries. Further, this study is based on cross-sectional design and thus cannot make causal inferences. So in future researchers could conduct longitudinal studies to track changes happen within employees with relate to employer branding implementation.

REFERENCES


