The Impact of Employer Branding on Retaining High Potential Employees in the Banking and Finance Industry in Trincomalee District

J. N. Jenitta
HOD
Department of Management
Advanced Technological Institute, Dehiwala, Sri Lanka

Abstract:
In a current situation, Organizations are facing the challenge of employee retention because of increased competition in the market. It is crucial for organizations to hire competent employees to gain a competitive advantage in the market. The purpose of this research is to identify the relationship between employer branding and employee retention among the banking staffs in Trincomalee district. In this research employer branding and its dimensions such as economic value, development value, social value, diversity value and reputation value considered as independent variables and employee retention is considered as dependent variable. For the purpose of present study 200 sample responses were collected randomly from 2 different banks in Trincomalee District. Correlation analysis revealed that there is a significant positive correlation between employer branding and employee retention. Further the study also revealed that there is a significant positive relationship between each dimensions of employer branding such as economic value, development value, social value, diversity value and reputation value and employee retention. Regression analysis suggested that there is a significant positive effect of employer branding and employee retention as hypothesized. These results have implications for bank administration to design suitable branding campaigns among employees to decrease employees’ intention to leave.

Key words: Employer branding, economic value, development value, social value, diversity value, reputation value, employee retention.

I. INTRODUCTION OF THE STUDY

As human are the only lively and active resources of a firm, the effective utilization of other resources is mostly dependent upon human resources. To manage the available resources in organization, it is necessary to keep satisfied workforce in organization. Not only attracting; retaining the workforce also important to the organization. As the present economy is most focusing on intellectual base, human resource is considered as the most valuable resource and it is becoming more and more decisive for success of any organization. The main objective of Human Resource is to improve the contributions of employees towards the firm and develop competitive advantage to the organizations. An organization developed with committed, motivated, talented, skilled and competent human resources can achieve any challenging goal. The success of a firm is entirely dependent upon the way managers are utilizing the capabilities of their human resources. Most of the successful firms in today’s business world are investing heavily in employee motivational programs and also trying to retain them at any cost even though they can get replacements at a much less compensation package. To remain more competitive, organizations need to retain the best talent for a long term. Employee retention is simply the willingness of employees who are continuing with the firm. The toughest challenge for organizations is not only how to manage the people but also how to keep them on the job as long as possible and how to maintain them. This study focuses on employee retention. Employee retention is considered as keeping employees in an organization for a maximum period of time. Mita (2014) defined employee retention as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements”. Bidisha (2013) described it as “a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project”. Organizations can use employee retention is a strategic tool for the success of the firm. Retaining the employees for long time in the organization is equally important as attracting the employees for the benefit of both organization and employees as well. As competition is increased in the labour market it is questionable to retain the best talent in organizations. Organizations are always expecting to have talented employees and spent time and money on their employees for expected future benefits from them. When an employee leaves from an organization, the employee brings out with him all the valuable information about the company. It is important for an organization to develop a culture within the organization to motivate employees to stay in the organization. In addition to that, the hiring of new employees is connected with additional expenses. These expenses include advertising, screening, verifying credentials, interviewing and training of new employees. For achieving individual as well as organizational goals, it is necessary to retain talented employees. Employer branding is becoming an increasingly important topic for research and practice in multinational organizations because it plays directly into their corporate reputation, talent management and employee engagement practices in
organizations. Branding is the process involved in creating a unique name and image for a product in the consumers’ mind. As employer branding is the recent emerging trend in human resources, the researcher is motivated to attempt a study in Employer branding. Wilden et al. (2010) Employer branding in the context of recruitment is the package of psychological, economic, and functional benefits that potential employees associate with employment with a particular company. Mandhanya and Maitri (2010) defines employer branding as a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to a particular firm Employer branding reflects the image of the company in the eyes of existing and prospective employees about working for the company. Since the employer branding can affect on potential employees’ attraction and existing employees’ retention the researcher is attempt to this study to identify the relationship between Employer branding and employee retention.

Research problem
Having the best and the most talented employees is not only important but it is equally important to be able to retain them for long term benefits to both the organisation and its people. Employees are asset of an organization. For managers, to have a happy enthusiastic workforce will help them in achieving individual and organizations performance. Retaining talented employees is highly important for the long-term growth as well as success of the business, but the retention of employees has become the major problem facing today's organizations. Therefore, it is important to retain the talented employees because of the required output they give to the organization. Most certainly one organization cannot retain all the best employees but retaining employees will definitely reduce loss. Therefore, every organization must treat their employees as ends because they add value to the organization. Retention strategies should be commenced when recruiting the employees. Organizations are failed to start their retention strategies while they are recruiting the employees. It is also believed that the costs to the employer as a result of management’s inability to retain its employees include separation benefits to the employee, lost productivity, recruitment costs, training costs, and diminished services as new employees get up to speed. Although, the human resource literature points to possible reasons for high retention a smaller number of studies attempt to identify the relationship between employer branding and retention. Understanding the relationships between employer branding and retention within the population of employees of banking and Finance Sector in Trincomalee will help in formalizing policies and procedures that embed employees to organizations and communities. I hope that the results of this study will be useful in addressing retention and generalizing the results among employees of similar industries in Trincomalee District.

Problem statement
Why are Banking and Finance sector related organizations in Trincomalee District facing low employee retention?

Objectives of the Research

As the present economy is most focusing on intellectual base, human resource is considered as the most valuable resource and it is becoming more and more decisive for success of any organization. The main objective of Human Resource is to improve the contributions of employees towards the firm and develop competitive advantage to the organizations. An organization developed with committed, motivated, talented, skilled and competent human resources can achieve any challenging goal. The success of a firm is entirely dependent upon the way managers are utilizing the capabilities of their human resources. This process is anchored on the belief that the outcomes will give practicing firms a competitive edge. Employer branding is becoming an increasingly important topic for research and practice in multinational organizations because it plays directly into their corporate reputation, talent management and employee engagement practices in organizations. Branding is the process involved in creating a unique name and image for a product in the consumers’ mind. Although every organization would like to be an attractive employer for potential and current employees, the literature is not clear about the elements that determine employer attractiveness and how to retain them in Sri Lankan context. This study tries to identify the elements of employer branding which are suitable to the Sri Lankan context and the effect of Employer branding towards employee retention. As per this the researcher formulated the following research objectives for the present study.

Objective 1:- To identify the relationship between employer branding and Employee Retention

Objective 2:- To measure the effect of employer branding towards employee Retention

Significance of the study
When the people leave the organization, it creates the additional expenses such as recruitment expenses, training and orientation resources and the time, which further affects the productivity and competitiveness of the organization. Therefore, it is really important to deal with this ongoing problem for all organizations as it leads towards the competitiveness of a firm. Attracting and retaining talented workers is recognized as a critical success factor by organization. Nowadays strategic investments in attracting and retaining suitably qualified and skilled employees are recommended. Maxwell (2009) every organization have to identify their own attributes that are most attractive to employees. This should be done in connect with the employer branding with the identity of the employees’ interest. As employer branding is a new & emergent trend in Human Resource there are a smaller number of studies have done in this area. However, there were studies in relation with the impact of employer branding towards the talent attraction and retention, but most of the studies are done in a qualitative manner. Few studies looked employer branding towards talent attraction and retention in other countries but it cannot be applied to the Sri Lankan context because of the cultural differences. So, the researcher motivated to do this study to generalize the concept with the help of Banking and Finance Sector institutes in Trincomalee District.

II. LITERATURE REVIEW

Employer branding is an activity where principles of marketing, in particular the “science of branding”, are applied to Human
Resource activities in relation to current and potential employees. Whereas product branding considers how a product is represented to customers and corporate branding considers how an organisation is represented to a variety of external audiences, employer branding considers current and potential employees as branding targets. Swystun (2007) explained “a brand is a mixture of attributes, tangible and intangible, symbolized in a trademark, which if managed properly, creates value and influence”.

Backhaus and Tikoo (2004) argue, employer branding “suggest differentiation of a firm’s characteristics as an employer from those of its competitors, the employment brand highlights the unique aspects of the firm’s employment offerings or environment”. Additional to economic or financial rewards, companies will differ in the provision of intrinsic rewards and the degree to which socio-emotional needs (for example) are fulfilled. The employment experience will therefore be made up of a complex array of features. Ambler and Barrow (1996) capture some of the complexities of the employment offering and argue that an employer brand consists of “The package of functional, economic and psychological benefits provided by employment, and identified with the employing company”. In this first approach to the Employer Branding, the primary objective is to provide a coherent framework for management to simplify and focus priorities, increase productivity and improve recruitment, retention and commitment”. Thus, the main objective of the Employer Branding concept is to positively influence current and prospective employees in order to attract high-potential employees (Berthon et al., 2005). Additional to this however, organisations will also differ in the degree to which intangible experiences are provided to and valued by employees. For example, working for a charity may provide the fulfilment of ideological concerns that people may have of “doing good” (Thompson and Bunderson, 2003).

Employer Branding, therefore, will involve identifying the unique “employment experience” by considering the totality of tangible and intangible reward features that a particular organisation offers to its employees. Over and above this however, a central element to employer branding involves the identification of elements of the character of the organisation itself; features such as the organisation’s key values and the guiding principles underlying how it operates as a collective entity. As Martin and Beaumont (2003) state, employer branding involves managing a “company’s image as seen through the eyes of its associates and potential hires”. This definition, rather than focussing on what rewards and experiences an organisation provides for employees, emphasises managing aspects of the company’s image (for example communicating corporate values and guiding principles) to help give the employment brand some additional substance (by reinforcing an identity and fostering a particular brand image). As Dell and Ainspan (2001) explicitly argue “The employer brand establishes the identity of the firm as an employer. It encompasses the firm’s values, systems, policies, and behaviours toward the objectives of attracting, motivating, and retaining the firm’s current and potential employees”. The presentation of the “package” of reward features or employment advantages and benefits offered to employees will go some way to presenting this and the presentation of organisational values, characteristics and attributes will also help clarify the employer brand value proposition.

Clearly people will differ in what they experience and enjoy when working at a particular organisation and in reality there will be a variation of values that employees hold, but the central idea behind employer branding is that it is possible to summarise the totality of a common or shared employment experience. Importantly, once the “offering” is identified, this will then be communicated, as such employer branding tends to involve extensive communication campaigns. As Lloyd (2002) argues employer branding is “sum of a company’s efforts to communicate to existing and prospective staff that it is a desirable place to work”. In summary, employer branding campaigns will tend to involve the clarification and management of an organisation’s tangible and intangible employment offering, it will also tend to involve managing aspects of the organisation’s image and identity and these will be presented through sophisticated communication campaigns. Martin R. Edwards, (2009) concluded that employer branding campaigns will tend to involve the clarification and management of an organisation’s tangible and intangible employment offering, it will also tend to involve managing aspects of the organisation’s image and identity and these will be presented through sophisticated communication campaigns. Irena and matsuka (2013) stated that employer branding as a recommended strategy for the modern human resource management. The concept of the Employer branding describes the degree of a company’s attractiveness to current (Berthon et al., 2005) and potential employees (Collins and Stevens, 2002). Hence, a strong Employer branding generates favourable attitudes in potential employees. Companies with a strong Employer branding can reduce costs for acquiring employees by enhancing favourable attitudes among current employees, and, in doing so, also increase employee retention. Similarly, companies can decrease compensation for equally qualified and skilled employees compared to companies with a weaker Employer branding (Ritson, 2002). The Employer branding becomes especially relevant in today’s business setting due to the fact that high potential and at the same time loyal employees are difficult to find (Berthon et al., 2005)

Companies that embrace Employer branding tactics are well placed to gain a strong position in the competitive labour market. Consequently, it can be assumed that the Employer branding fosters the attitudes of customer-contact employees, which directly influence customer attitudes toward the brand (Mosley, 2007). Moreover, the potential employees’ perceptions of the brand are reinforced as they sense the current employees’ positive attitudes (Gatewood et al., 1993). Tobias et al., (2011), seeks to focus on how to create favourable employee attitudes that are relevant for the creation of the service brand. In this context, the aim is to develop a framework that combines the concept of the perceived employer brand with employee outcomes that are relevant for service branding. Also he determined the influence of particular drivers for employee attitudes. In this study he found that dimensions of Employer branding leads to the creation of job related attitudes such as Job satisfaction and organizational identification. The same study he has mentioned the dimensions of Employer Branding are Economic value, Development Value, Social Value, Diversity

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value and Reputation Value. In This study he proved that there is scientific consensus that employees’ attitudes have a fundamental impact on customers’ experiences.

III. PROPOSED CONCEPTUAL MODEL

![Diagram]

Figure 1.

IV. METHODOLOGY

Questionnaire has been used to gather primary data. The researcher has selected 200 employees from two different banks in Trincomalee District. One bank is operated under government sector and on from private sector. The researcher has used the dimensions of employer branding which was found by Tobias et al. (2011), which are Economic value (ECV), Development Value (DEV), Social Value (SOV), Diversity value (DSV) and Reputation Value (REV). For the present study the researcher planned to measure the employer branding using above dimensions. Secondary data has collected from the publication of the education department, research studies, books, various published journals, magazines websites and online articles. The collected data was analyzed by using SPSS (statistical package for social science) version 16.0 package. The inferential statistics was used to identify the relationship between independent and dependent variable by correlation analysis and measure the impact of independent variable on dependent variable by linear regression analysis.

Hypothesis development

After the critical review of the literature the researcher formulates the following hypothesis.

H1: There is a significant positive relationship between Employer Branding and Employee Retention.

H2: There is a significant impact of Employer Branding on Employee Retention.

V. RESULTS AND DISCUSSIONS

<table>
<thead>
<tr>
<th>Table 01. Correlation analysis of variables</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>R</th>
<th>Significance</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Branding</td>
<td></td>
<td>.532*</td>
<td>.000</td>
<td>H1a:- accepted</td>
<td></td>
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<tr>
<td>Economic Value</td>
<td></td>
<td>.320*</td>
<td>.000</td>
<td>H1b:- accepted</td>
<td></td>
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<tr>
<td>Development Value</td>
<td></td>
<td>.669*</td>
<td>.000</td>
<td>H1c:- accepted</td>
<td></td>
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<tr>
<td>Social Value</td>
<td>Employee Retention</td>
<td>.418*</td>
<td>.000</td>
<td>H1d:- accepted</td>
<td></td>
</tr>
<tr>
<td>Diversity Value</td>
<td></td>
<td>.481*</td>
<td>.000</td>
<td>H1e:- accepted</td>
<td></td>
</tr>
<tr>
<td>Reputation Value</td>
<td></td>
<td>.784*</td>
<td>.000</td>
<td>H1f:- accepted</td>
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Table 01 spot that the correlation between the employer branding and employee retention is moderate positive correlation which point out that the employer branding can positively affected the employee retention. As per the ‘Significant’ test results, it is clear that the correlation is significant at the 0.01 level (2-tailed). Therefore, hypothesis is accepted. Hence, there is a significant positive correlation between employer brand and employee retention. Also, it can be seen that the correlation coefficient equals .320, indicating a weak positive relationship between economic value and employee retention. This point out that the economic value can positively influenced on employee retention. 0.669 Correlation development value and employee retention explains moderate positive correlation between those variables. As per the ‘Significant’ test results, it is clear that the correlation is significant at the 0.05 level (2-tailed). Therefore, hypothesis is
accepted. The correlation coefficient between social value and employee retention is .418 and the correlation value of .481 between diversity value and employee retention explains that there is a weak positive relationship between those variables. As per the ‘Significant’ test results, the significant value is .000. This shows that the correlation is significant. Therefore, hypotheses are accepted. Hence, there is a positive correlation between those variables. The correlation value between reputation value and employee retention is .784 indicates that strong positive relationship exist between these variables. As per the ‘Significant’ test results, it is clear that the correlation is significant at the 0.05 level (2-tailed). Therefore, hypothesis is accepted.

Regression analysis

The result of the regression analysis of the present study is reported in table 02.

<table>
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<th>Table 2. Summary of the Regression Analysis</th>
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<tr>
<td>Model</td>
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<tr>
<td>constant</td>
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<tr>
<td>Economic value</td>
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<td>Development value</td>
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<td>Social value</td>
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<td>Diversity value</td>
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<td>Reputation value</td>
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a. Predictors: (Constant), employer brand the researcher has formulated the following equation based on the regression results.

Employee Retention= .449+.831’ECV+.167’SOV+.253’DSV+.130’REV +E

VI. CONCLUSIONS AND RECOMMENDATIONS

In a modern talent perspective, there is a need to retain employees for the sustained growth and economic development. As part of this the firms in the Banking and financial sector need to consider about their employee retention. The current study investigated the impact of employer branding on Employee retention Banking and financial sector in Sri Lanka. The sample was selected based on convenience sampling by selecting 200 each employee from two different categories of firms under the Banking and financial sector. The employees from ABC Company and XYZ Company was selected for this study. Considerable support was found for hypotheses, with findings suggesting that various relationships between employer branding and employee retention exist. Employees intend to stay with their employers if their expectations are met. In conclusion, it may be suggested that while deciding to stay in an organization, the Banking and financial sector need to consider their brand. The findings of the relationship between employer brand dimensions and employee retention has important implications. Although previous research has studied the importance of employer branding in attracting potential recruits, empirical research on how employer branding can assist an organisation in developing the most favourable attitude towards job satisfaction among current employees remains low. The influence of various employer branding dimensions on employee retention varied, and it can, therefore, be inferred that employer brand dimensions explain variations in employee retention. It also found that the employer Branding has the significant impact on employee retention Banking and financial sector. Economic value, development value, social value, diversity value and reputation value are significantly impact on employee retention Banking and financial sector. Therefore, for strengthening the firms in the Banking and financial sector as great places to work for and stay with, the employers must improve progressive approaches in developing the employees, encourage them to apply the knowledge gained from the organization to the outside or inside people and also make them personally comfort with the work and organization with managing the personal and work life. Such considerations would contribute toward successful retention of talent in Banking and Finance sector firms in Trincomalee District. Ultimately, it will add to long-term business success in Banking and financial sector firms in Sri Lanka. The findings of this study indicate that employee retention mostly depends on certain key Factors including economic value, development value, social value, diversity value and reputation value. Thus, by working on these dimensions, an organisation can enhance the levels of retention among its employees. Therefore, one of the significant contributions of this study lies in the initiation of employee retention through employer branding strategy.

VII. LIMITATIONS OF THE STUDY

The study was limited to investigating the impact of employer branding on employee retention. Since there are more factors affecting the retention of employees the research only identified the employer branding concept. The study conducted by taking the sample from Banking and financial sector firms even though there are twenty sectors listed in Colombo stock exchange. Retaining the employees is a problem not only for the Banking and financial sector, but common to all sectors performing in Sri Lanka. Since the problem is common to all sectors the study can move to other sectors as well.

VIII. REFERENCES


