A Study on the Impact of Employer Branding on Talent Acquisition and Retention in IT Companies

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ABSTRACT

Talent plays a pivotal role in the development and prosperity of an organization. In the present world of 'war for talent', the IT companies are struggling to attract, acquire, and retain the desired talent. The companies have started employing various marketing and HR strategies for talent acquisition and retention. One of the strategies the companies are employing for talent attraction and acquisition is employer branding. Employer branding is a recent HR phenomenon blended with marketing principles enables the employer to project its image as an 'employer of choice' and a 'great place to work'. It is an inevitable by-product of the great corporate culture of the companies and begins with how a job aspirant experiences the employer from the first stage of an interview to the last stage of retirement. In the process of employee recruitment, the employer branding strongly emanates the vision, mission, values, and ethics on which a great brand image is built. The brand image helps the organizations to attract, recruit and retain a pool of talented workforce. The present study discusses the various elements of employer branding and their impact on talent acquisition and retention for the prosperity of the organizations.

Keywords: Talent Attraction, Talent Acquisition, Employer Branding, Employee Retention.

INTRODUCTION:

Attracting and managing the desired talent for the success of an organization is a challenging task of the management. Talent is dynamic and mobile. Retaining the talent for a specific time and a specific purpose is inevitable. The management of the company has to be very cautious about the dynamic labour market conditions and adapt to the changing dimensions to retain and sustain in the global business world. The organizations with a great image of employer brand can easily attract talent. Employer branding is a set of psychological and economic benefits that employees expect from an employer. The employer has to build a strong employer brand image blended with psychological, economic, and social benefits in tune with the expectations of the current and prospective employees. The employer branding, which projects the image, reputation, growth, sustainability, performance, and prospects, can attract and recruit the desired talent with less cost of recruitment and time. Eventually, employer branding enables the organizations to make the employees feel satisfied with psychological and economic benefits and stay back for an indefinite period. There is a direct correlation among employer branding, employee satisfaction, and employee retention, and it is the prime motto of every organization to achieve it for its sustainable growth and prosperity.

LITERATURE REVIEW:

The theme based review of literature gives a macro approach of employer branding that it enables the companies to attract, acquire and retain the deserved talent for the prosperity in the industry. It is essential to understand and adopt the essentials of employer branding to create a competitive edge in the industry and stand ahead of the competitors.

Employer Branding:

The concept of employer branding is relatively a new HR term blended with human resources and marketing principles. It was first coined and presented by Ambler and Barrow in 1996. They defined employer branding as 'the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company'. The employer branding and its capability to attract and retain the right talent at the right time is extremely crucial to companies regarding organizational success (Backhaus and Tikoo, 2004). The success and the failure of the organization solely depend on the capacity to attract and retain great talent. Attraction and retention of the right talent are inevitable. An employer brand should represent the entire gamut of the organization that it is a great place to work and carve an image in the minds of the prospective employees that it is a place where they can employ themselves to prosper their future and the organization as well. Love, L.F and Singh. P (2011) emphasize that 'an employer brand should represent an organization as a potential employer, an employer of choice in the minds of the prospective employees, and provides a superior employment experience against the competitors to achieve competitive advantage'. To boost the morale of the prospective employees, the employer branding should include attractive monetary benefits such as salary, rewards, benefits, and non-monetary benefits as career advancements, progression, and scope for added values to the employment (Lievens & Highhouse, 2003). According to Sullivan (2004), 'Employer Branding' is a targeted long-term strategy to manage the awareness and perceptions of the employees, potential employees, and related stakeholders concerning a particular firm. Conference Board (2001) proposes that the 'employer branding establishes the identity of the firm as an employer. It encompasses the firm's value system, policies, and behaviors towards the objectives of attracting, motivating and retaining the firm's current and potential employees' (Gunasekara, 2002). Backhaus and Tikoo (2004) summarized employer branding as "the process of building an identifiable and unique employer identity and differentiates it from its competitors".

Employer Branding Framework – Backhaus and Tikoo (2004)
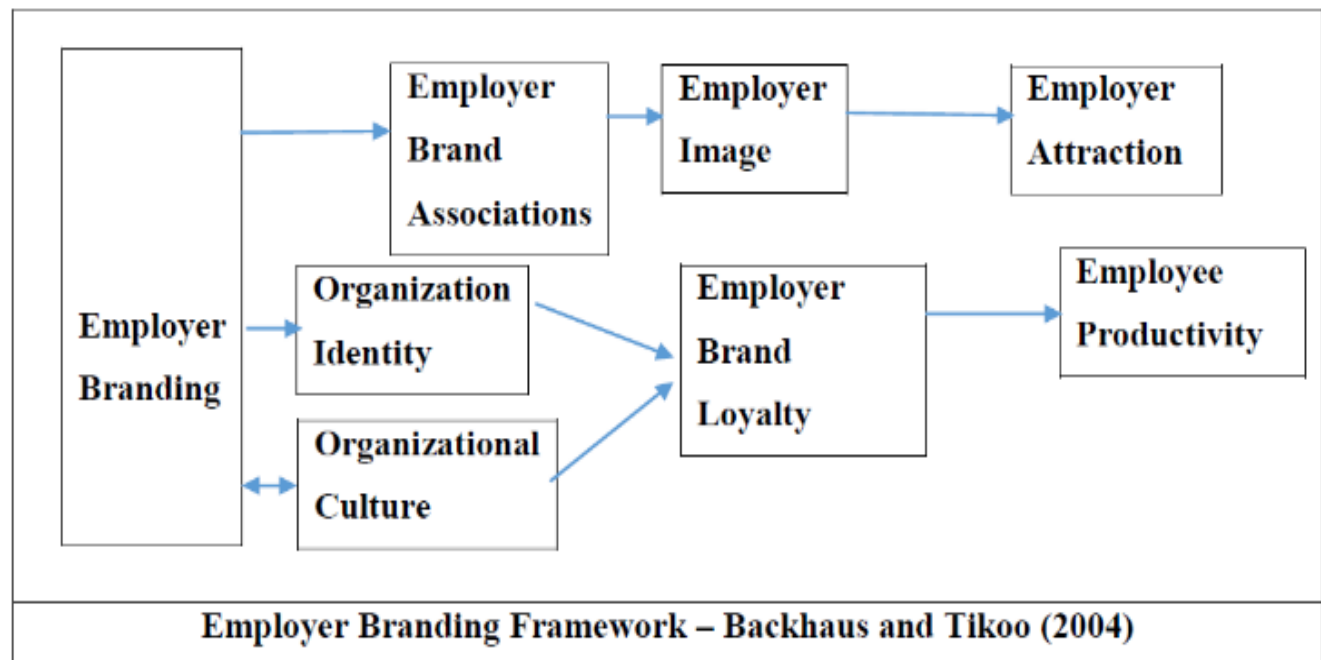
Outcomes of Employer Branding:

As an emerging talent management strategy, the successful implementation of employer branding helps an organization to project its brand image to potential as well as current employees. The employer branding has two strategies to reach out it stakeholders that internal marketing and external marketing. The internal marketing is "the key to superior service, and the result is external marketing success" (Greene, W. E., Walls, G.D, and Schrest, L. J. (1994). The internal marketing concept states that the organization's personnel are the first market (George and Gronroos, 1989) with an underlying principle that the employees are internal customers and jobs are internal products. Gronroos (1985) argues that internal marketing is a management philosophy with an idea of treating employees as customers so that they are happy with their job and serve customers more satisfied. Kotler (1994) advocates that internal marketing is a task of successful hiring, training, and motivating able employees to serve the customers well.

On the other hand, external branding assists the organization to attract a pool of talented workforce by carving a strong brand image of the organization in the minds of the potential employees. Employer branding influences organizational culture and identity, which creates employer brand loyalty. Brand loyalty is the foundation for organizational productivity. The significant outcomes of the employer branding are organizational identity, commitment, talent attraction, talent acquisition, job satisfaction, employee engagement, psychological contact, and retention of a talented workforce.

Talent Acquisition and Retention:
Talent attraction is succeeded by talent acquisition. It is described as hiring the potential employees after the screening of the applicants at various stages of acquisition i.e., recruitment. After the acquisition of the required talent, it essential to retain it for an indefinite period. Retention is the state where the employees stay back in the organization and work for its prosperity. Ambler and Barrow (1992) accentuated that the employer has to become so attractive. The employer can become so attractive and competent by developing an attractive employer image in terms of financial and non-financial benefits. An HR strategy blended with financial benefits can be developed and used for attraction and retention of talent that employer brand. Martin (2007) stated that the essence of "employer branding is to attract talent and ensure that both the employer and the existing employees identify with the organization and its brand and mission produce desired outcomes for the organization". Neethi Chhabra and Mishra (2008) focuses on various strategies of talent management and employer branding to retain the talented workforce. They advocate that in order to retain talent 'Great Company' and 'Great Job' are the significant factors than monetary compensation and lifestyle. They suggest that the strategies of talent management should be appropriately aligned to make it a 'great place to work'. In other words, talent management can attract and retain talent through employer branding. They also suggest for incorporating employer branding in various processes like attraction, recruitment, retention and training and development of the personnel. Talent attraction is the result of employer branding. The employer branding is determined through career growth, reward strategies, people orientedness, learning, and development of an organization (Pallavi Srivastava and Jyotsna Bhatnagar, 2010). Maitri Shah (2011) ensures that employer branding can be used to enhance talent retention and thereby leads to better talent management. The author advocates that talent management, through employer branding, utilizes people-oriented strategies which enhance the organization's image. Fernon (2008) advocates that 'the ability to deliver organizational success by attracting and retaining the right people, providing an environment in which employees live the brand, improving organizational performance in key business areas of recruitment, retention, engagement and the bottom line and differentiating employers from each other, creating competitive advantage'. It is considered to benefit both individuals and the organization. A study was conducted in Ghana by Sokro (2012) to investigate how employer branding influences the attraction and retention of employees. It was found in the study that the brand names are crucial and influence the decision of prospective employees to join an organization. Employer branding also enhances employee retention. Among the reasons, good working conditions (78.2%), career advancement opportunities (71.3%), core values of the organization (69%) and reward system (60.9%) influenced talent retention. Thus, there is a positive relationship between employer branding and talent acquisition and retention, and it is explored.

OBJECTIVES OF THE STUDY:

The present study identifies various factors of employer branding such as talent attraction, acquisition, job satisfaction, retention and management of talent. However, the following objective are framed to understand the impact of talent management.
1. To study the relationship between employer branding and talent acquisition
2. To explore the relationship between employer branding and employee retention

HYPOTHESES FOR THE STUDY:

Based on the above objectives of the study, the following hypotheses are constructed to validate the data:
1. **H_1** – There is a significant relationship between employer branding and talent acquisition.
2. **H_2** – There is a significant relationship between employer branding and employee retention.

RESEARCH METHODOLOGY:

Development of instrument:
A structured questionnaire was framed to study the impact of the factors of employer branding on talent

acquisition and employee retention. The instrument measures the factors such as brand image, differentiation, global exposure, organizational culture, talent assessment, promotional opportunities, success rate, employee preferences, addressing the concerns of the employees, unique leadership, engagement initiatives, job security, service benefits, entertainment programs, and other well-being measures of the employees on talent acquisition and retention. The respondents were the employees working in the top ten IT companies (NASSCOM, 2017) operating in Karnataka and they were asked to rate each item on five-points Likert Scale and validated using pilot data from 100 respondents.

Sampling and Data Collection
For research purpose, the depth interview method is used for collecting primary data. The sampling units are the respondents working in the top 10 select IT Companies listed by NASSCOM, 2017 and the total number of employees working in India has been gathered from the respective Annual Reports of the companies published in their official websites. The strength of employees of each select company operating in Karnataka State has been collected by direct interview with the HR Managers of the companies.

Table 1: Sample Distribution

	Name of the Company	Size (N)	%	Sample (n)
1	Tata Consultancy Services Ltd	1,52,546	22	132
2	Infosys Ltd	1,29,610	19	114
3	Wipro Technologies Ltd	78,662	12	71
4	Cognizant Technology Solutions India Pvt Ltd	67,309	10	60
5	Capgemini India Pvt Ltd	48,809	07	41
6	HCL Technologies Ltd	52,598	08	48
7	Tech-Mahindra Ltd	43,400	06	36
8	Accenture Solutions Pvt Ltd	83,511	12	72
9	L&T InfoTech Ltd	13,705	02	20
10	Mphasis Ltd	12,600	02	20
Total		**6,82,750**	**100**	**614**

Source: Primary Data

The size of the population of the study is 6,82,750 and calculated sample size is 600. However, 614 samples have been collected administering a structured questionnaire.

Data Validation and Reliability:
The validity of the instrument is assessed by using the composite reliability and average variance extract. As per the stand value of the validity test, the standardized factor loading of the each of the items towards the constructs are more than 0.5. The CR and AVE are within the standard limit. Moreover, the items are having good discriminating validity and convergent validity. The reliability test of the data was done using Cronbach Alpha and the alpha value of the constructs are more than 0.7. Thus, the instrument and data used for the present study is considered as valid and reliable. The result of standardized factor estimates, validity and reliability is represented in Table 2.

Table 2: Results of overall CFA (Measurement Model)

Items	Results of Measurement model (CFA)					Results of Validity and Reliability Test		
	Standardized Factor Estimate	Critical Region	P value	Error Variance	R^2	CR	AVE	Cronbach alpha
Talent_Acquisition_1	.614	13.184	***	0001	0.377	0.9400	0.6637	.831
Talent_Acquisition_2	.674	12.112	***	0.019	0.454			
Talent_Acquisition_3	.528	13.184	***	0.019	0.279			
Talent_Acquisition_4	.577	12.491	***	0.091	0.333			
Talent_Acquisition_5	.688	14.536	***	0.095	0.473			
Talent_Acquisition_6	.579	12.526	***	0.111	0.335			
Talent_Acquisition_7	.663	14.084	***	0.130	0.439			
Talent_Acquisition_8	.656	13.969	***	0.117	0.431			
Employee_Retention_1	.999	33.321	***	0.125	0.962	0.9738	0.8053	.977
Employee_Retention_2	.895	49.736	***	0.145	.802			
Employee_Retention_3	.878	45.474	***	0.161	.771			
Employee_Retention_4	.976	109.865	***	0.185	.952			
Employee_Retention_5	.975	107.744	***	0.188	.950			
Employee_Retention_6	.892	48.875	***	0.203	.796			
Employee_Retention_7	.848	39.678	***	0.251	.720			
Employee_Retention_8	.872	44.021	***	0.282	.760			
Employee_Retention_9	.864	42.470	***	0.272	.746			

DATA ANALYSIS AND RESULTS:

The data related to the present research is carried in two stages. At the first stage, the path diagram of the model is constructed. The measurement model of the path diagram and structural model of the path diagram is represented in Figure 1 and Figure 2, respectively. At the second stage, the regression model of employer branding on talent acquisition and employee retention is estimated. At final, by using the regression model, the stated hypothesis is tested.

**Figure 1: Measurement Model of Employee Retention and Talent Acquisition**
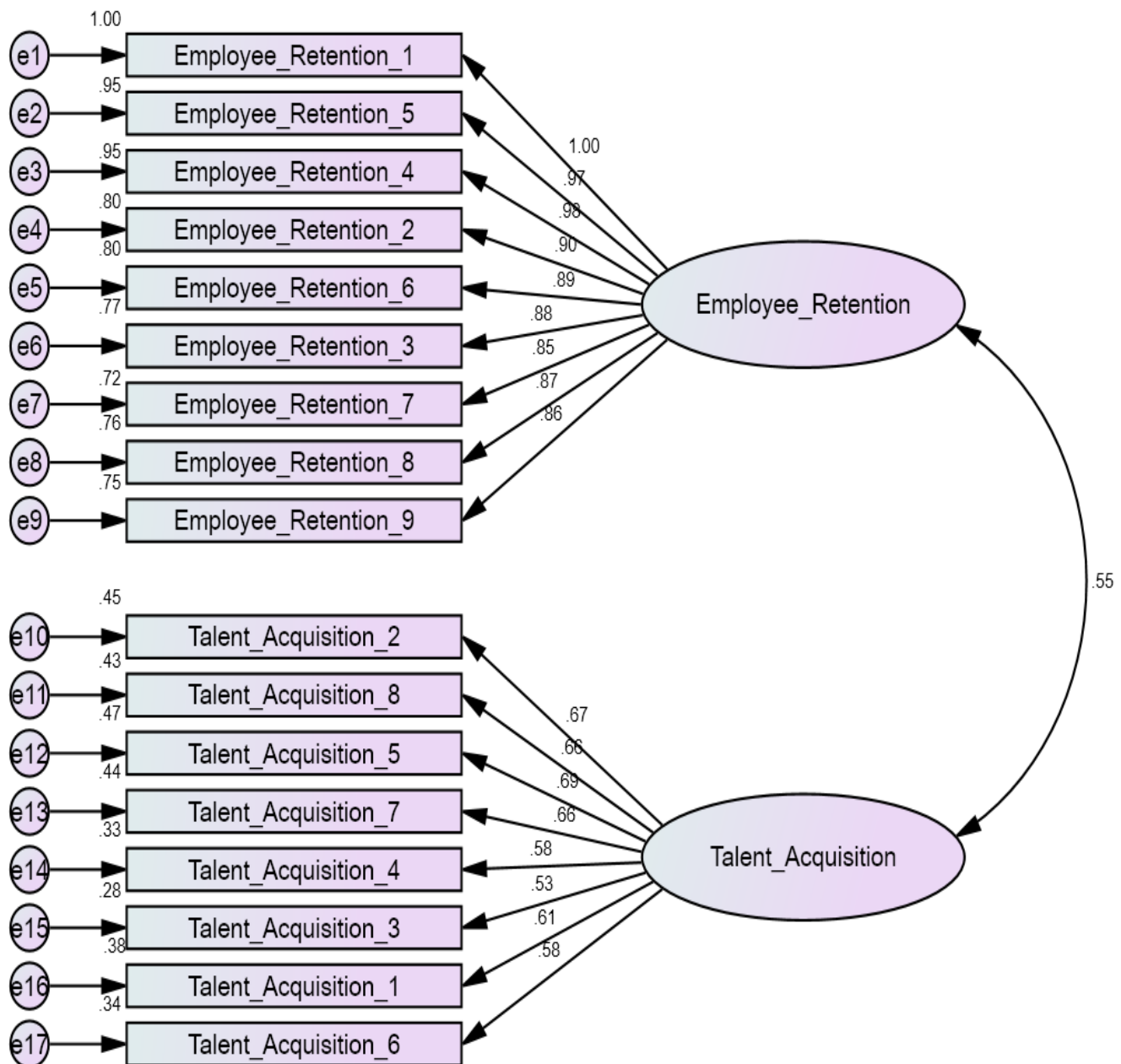
The two major latent factors of the study are employee retention and talent acquisition. These latent factors are observed or measured by using suitable items. Nine and eight items are used for measuring employee retention and talent acquisition respectively. The standardized factor loading of the items to the latent factors is presented in the path diagram.

Figure 1 represents the measurement model. Each of the items loading with the latent factors are reflective. The items with the measurement errors are also considered in the model. The variance of the error terms is represented on the arrow from the small circle to the rectangle. Each rectangle captures the measured variable. The standardized factor loading is presented on the arrow from the ellipse to rectangle. The covariance between the latent factors are represented on the double headed arrow.

Figure 2 represents the structural model, where two latent factors are linked to the employer branding. Both the latent factors, employee retention and talent acquisition, are endogenous; and measured with measurement errors. Factor loading, critical region, p value and R^2 are represented in Table 2.

Figure 2: Structural Model of Employer Branding, Employee Retention and Talent Acquisition
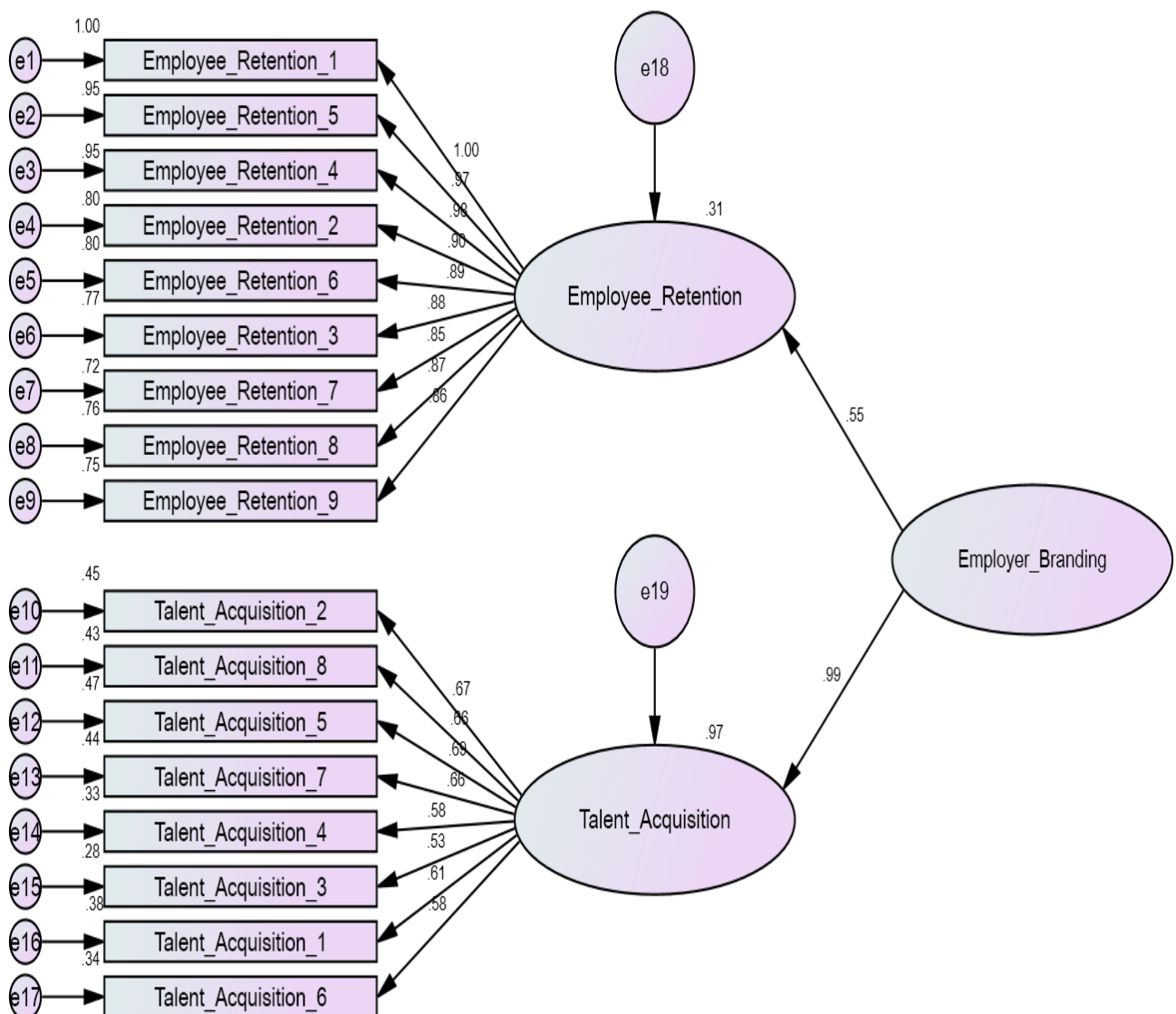
Specification of the model and model description:

The impact of employer branding on talent acquisition and employee retention is assessed by specifying the following model:

$$Y_i = \beta_0 + \beta_1 X_i + u_i \qquad (1.1)$$

Here β_0 is the intercept of the model, and β_1 is the slope parameter of the model. The slope parameters measure the rate of change independent variable for a unit change in the independent variable. As per the model specified in (1.1) and the stated objective, the dependent variable of the model is talent acquisition, and employee retention and independent variable is employer branding. As per the objective of the study, two regression model is estimated. The regression model of employer branding on talent acquisition and employer branding on employee retention; hence, in both the model employer branding is the independent variable. This model is known as a linear regression model. The parameter of the model (1.1) is estimated by using the ordinary least square (OLS) method. The goodness of fit of the model is tested by using the R^2 of the model. The closeness of the R^2 reflects the goodness of the fit of the model. The statistical significance of the model is examined by using the F statistics, and the statistical significance of the slope coefficient is tested by using the t statistics of the model. The p-value of the 'F' and 't' test of the model is examined at 5%. The p-value less than 0.05 is known as the statistically significant. Thus, based on these guidelines, the following models are constructed and tested in the present research study.

Table 3: Regression Result of Employer Branding on Talent Acquisition and Employee Retention

Parameter and Statistics	Talent Acquisition#	Employee Retention#
β_0	0.423	-0.423
Std. Error	0.0328	0.038
t statistics	11.158	-11.158
P value	0.00**	0.00**
β_1	0.717	1.283
Std. Error	0.022	0.022
t statistics	32.630	58.367
P value	0.00**	0.00**
R^2	.635	.848
F statistics	1064.728	3406.699
P value	0.00**	0.00**

Table 3 represents the regression result of employer branding on talent acquisition and employer branding on employee retention. The regression coefficient of β_1of employer branding on talent acquisition is positive, and the t-value of this coefficient is statistically significant at 1% where the p-value of the coefficient is 0.00. Similarly, the regression coefficient of β_1of employer branding on employee retention is also positive, and the t-value of this coefficient is statistically significant at 1% where the p-value of the coefficient is 0.00. The F value of both the model is also statistically significant at 1%. Hence, the impact of employer branding on talent acquisition and employer retention is positive and significant.

FINDINGS AND DISCUSSION:

The literature on employer branding has suggested antecedent and significant variables, say a brand image, differential factor, great global exposure, durable product, and service brand, organizational culture, job security, performance, unique leadership, service benefits, work-life balance and so on. However, there is a more chance to explore; the present study has explored the significance of employer branding in attracting and retaining talent. In the study, it is studied that how employer branding is impacting on various factors of talent acquisition and employee retention. Thus, a relationship between employer branding and talent acquisition and retention is established.

CONCLUSION:

The literature on the concept of employer branding is still at a nascent stage. In the present research study, the relationship between employer branding and talent acquisition and retention is explored. The research study of the select IT companies contributed more insights into the realities of the organization regarding the concept of employer branding. The outcomes of employer branding proved that a strong employer branding would positively build a psychological attachment between the employees and the organization, and make them feel it a 'great place to work.' Further, the organizational culture, vision, mission, values, ethics, work-life-balance, congenial working environment, attractive monetary benefits, recognitions, etc. help to build a strong employer brand which would enable the organization to attract, acquire and retain desired talent. Thus, the organization by its employer value proposition and brand advocacy can stand ahead of competitors in the job market, and enjoy the economy in recruiting the latent talent.

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APPENDIX:

The questionnaire on 'Impact of Employer Branding on Talent Acquisition and Employee Retention".

Q. No	Employer Branding and Talent Acquisition
1	My company has a great 'employer brand image' and is considered as an 'employer of choice'
2	My company's current brand image communicates excellency that helps to differentiate it from competitors
3	My company has a great global exposure
4	My company's products and services brand image is very strong
5	My company's organizational culture is inspirational
6	My company conducts in-depth talent assessment based on the competency framework
7	My company has an effective job posting policy that facilitates internal movement of positions
8	My company's success rate in the industry is high

Q. No	Employer Branding and Employee Retention
1	My company recognizes the performances of employees
2	My company provides performance-based promotional opportunities
3	My company is honest and sincere in addressing the concerns of the employees
4	My company demonstrates a brand of success, unique leadership, employees' engagement initiatives and thereby makes the employees associate themselves with the company
5	My company's retention rate of employees is a high cue to job security, service benefits, social security measures and employer brand image
6	My company promotes free education to employees' children
7	My company arranges family tours for the employees
8	My company is willing to help the employees when they need a special favor
9	My company really cares about the well-being of all employees

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