Employer Branding: Tool for Employee Retention by Influencing Organizational Culture

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ABSTRACT
The Global Economy has slowed down in the recent years, but the competition in attracting and retaining the talented employees is still high. To sustain in this competition the organizations has to use a modern weapon called “Employer Branding” for retaining the best employees for longer period in their organization. The primary focus of Employer Branding is to develop a unique external reputation by putting efforts to drive positive cultural change in work place. This article tries to examine theoretically the influence of employer branding on organizational culture and its impact in increasing employee retention. This article also tries to identify the influence of employer branding in organizational culture which in turn would have an impact on employee retention. This work is based on the research reviews.

KEYWORDS
Employer Branding, Organizational Culture, Employee Retention, Talented Employees.

1. INTRODUCTION
For many organizations that extent their business operations globally or organizations performing in a several regions inside a country, attract unique workforce and tries hard to retain them is the major determinant of firms growth. In such a competitive market the organizations need to be strategic and intentional in approaching global diversity. In the current economic climate of post-recession, employer branding plays an important role in retaining the best employees in the organization. The firm which constantly manages employer branding concept are able to bring value to their employees thereby leading to employee loyalty, engagement, commitment and retention.

Chaminade (2007) termed Retention as a voluntary move by an organization to create an environment which engages employee for a long term. The main purpose of retention is to prevent the loss of potential employees from leaving the organization as this could have an adverse effect on the productivity and profitability. Retention practices have become highly challenging task for the human resource in every organization. When managers perfectly understand why employees want to leave, it is then that a workable retention strategy can be devised to control such intention.

There is also a need for organizations’ to properly line up retention practices with the needs and values of employees. It is not the poorest performers only leave the organization; in fact it is often the highest performing employees who find better alternatives are the first to move out of the organization.

Every organization has a culture and, depending on what it is, it can either work for or against the business’ goals. The organization’s culture can be the difference between success and failure. It provides the setting and the foundation for establishing the work environment that serves either to promote or prevent certain behaviours. Organizational culture drives several factors; one factor is retention of employees. The values of organizational culture influence the ethical standards within an organization, as well as managerial behaviour.

Now the economy started to recover and employees are gaining back their lost confidence. They may start looking for opportunities. Retaining potential employees is very important as the
turnover is high, companies may expect leveraged costs, loss in knowledge base, interruption in the service. Allen et al (2010), states that the organizations with low turnover rates have increased sales growth and improved employee morale. To increase the employee loyalty and to improve the quality of employment, companies implement various employee retention strategies.

Employer Branding is a concept evolved from the light of consumer branding. A strong consumer brand brings profit to the companies and influences the growth of it. A strong employer brand has a positive influence on the business as a whole. Dell & Ainspan (2001), points out organizations have found that effective employer branding leads to competitive advantage which helps employees to adopt company values and beliefs and assists in employee retention. According to Singh M. K and Sonal Sharma (2013), effective employer branding leads to attracting and recruiting talented employees, increase in the retention rates and a higher level of organization commitment.

2. REASON FOR QUITTING THE JOB
Employees quit the job for many reasons. It can be either personal or official reasons. The most common reasons for employee turnover are:

- Job and Person mismatch
- Lack of Career growth
- New attractive job and better compensation packages offered by other companies
- Lack of appreciation by the superiors that lead to de-motivation and employees lose interest.
- Mismatch in the job expectation and reality.
- Compensation and Reward.
- Stress and Work-life balance.
- Lack of trust and support in co-workers, seniors and management.

3. KEY FACTORS THAT INFLUENCE RETENTION
There are innumerous factors which directly and indirectly influences retention. The studies conducted by various experts in the field are summarized below:

3.1. Job Satisfaction:
Derensky, (2008) found that Job satisfaction has been identified as the most crucial factor in retention of employees. According to experts, while most managers believe employees leave due to monetary terms, in reality it is an employees’ relationship with their supervisor that has the greatest impact on whether they stay or leave, because the supervisor has control over the core elements that create job satisfaction, compensation, opportunity, recognition and environment.

3.2. Organization Culture:
Devi, V Rama (2009) states that organization culture characterised by teamwork, pleasant working conditions, considerate treatment of employees, growth opportunities, flexible-working practices, and good leadership and management practices foster employee retention.

3.3. Employee Motivation and Career Prospect:
One key factor in employee motivation and retention is the opportunity every employee wants to continue to grow and develop job & career enhancing skills. In fact, this opportunity to continue to grow and develop through training and development is one of the most important factors in employee retention.

3.4. Stress:
Stress leads to high turnover of employee. If the employees are unable to manage the environmental forces of change, the employees will be under stress. The ability to accept and manage change is deep rooted in the organizational culture. If the organizational culture accepts risk and encourages
employees to develop new methods and products, then such employees will be more relaxed and satisfied, therefore such industries will be able to retain employees.

4. OBJECTIVES
This article aims on following objectives
1. To know how different experts perceives Employer Branding’s influence the Organizational culture (O1).
2. To explore the impact of organizational culture on employee retention (O2).
3. To study how far employer branding is positively linked to employee retention (O3).

5. RESEARCH FRAMEWORK
The research framework arrived on the literature survey has two dimensions

Communication, Orientation and initial training and Changing Management Strategies are few factors that influence Organizational Culture and Employee Retention can be achieved through various factors like Career Growth, Job Expectation vs Reality, Compensation, Training and Development and Work Life Balance.

6. INFLUENCE OF EMPLOYER BRANDING ON ORGANIZATIONAL CULTURE
Employer branding has a synergistic relationship with the culture of an organization. The strength of an organization depends on the ability to maintain good and effective communication with the employees and report the concerns regarding the employer's ability to manage the downturn and protect job security. Taylor (2002) states that the importance lies in the ability to choose an appropriate employee who are best fit for the job and who are likely to stay for a longer period with the organization. According to Eveliina Suikkanen (2010) communicating the organizational culture clearly, will attract the candidates that already are fit for a specific organization thereby lowering the possibility of unmet expectations leading to turnover. Walker (2007) pointed out that employer branding is a cluster of attributes and qualities which makes an organization unique. It also promises a specific kind of employment experience and appeals to those people who are committed and thrive hard to fit best in its culture. Torrington et al (2005) states that effective orientation gives the basic information about the company and helps the employees to adjust emotionally leads to increase in retention. There are two types of Branding in an Organization they are: Internal Branding and External Branding. Richard W. Mosley (2007) states that internal Branding seeks to develop and reinforce a value based approach, specifically
attached to some form of organization’s mission or vision. The execution of internal branding has run parallel to the lines of communication-led engagement programmes.

Jim Collins (2001) points out that the best way to deliver the strategic intent of the organization is to find and get the right people for the organization. Barrow S. and Mosley R. (2005) emphasis that the primary focus for most of the organization is to evolve towards an integrated approach, aligning external recruitment promises with the internal employment experience.

Ojo (2010), states that Organizational culture can be seen as an image or way a given group has developed by carrying out a specific task or by solving a particular problem. Culture is a set of values that help the employees to know that what is acceptable and what is unacceptable within the organization.

7. IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE RETENTION

The relationship between organizational culture and employee retention was first investigated by Kerr and Slocum in 1987. Paul McDonald (1993) states that the more similar the value profile of the organization was to an individual’s personal value profile, the more committed that employee was to the organization, and the less likely it was that he or she would plan to seek employment elsewhere. When the value of the individual line up with the value of the organization, employees tend to stay with the firm for longer period.

Similarly, Charles O’Reilly and his colleagues (1991) points out that the employees more committed are less likely to leave when they describe their organization’s culture as similar to what they considered to be their ideal culture.

J.E.Finance suggested that commitment was greater among employees who thought that the organization considered relationship-oriented and change-oriented values to be important. In contrast, commitment was lower among those who thought that status quo values were important which lead to higher turnover. The perceived importance of task-oriented values was unrelated to commitment.

The relationship-oriented values relate to retention indicates that there is variability in the extent to which these values characterize the culture of organizations. J.E.Finegan also found the positive impact of change-oriented values on commitment and retention. It was observed for those employees who held similar personal values.

John Sheriden, (1992) suggests that firms which emphasis interpersonal relationship values that is respect for people, team orientation enhance employee retention than the firms that emphasized work task values that is outcome and aggressiveness. If there are cultural values that are “universally” linked to commitment and retention, they appear to be values that contribute to fair and human treatment of people.

Robert Quinn and G.M Spreitzer, (1991) found that industries with dominant hierarchical values were viewed less positively than those with other value orientations. Robert Blake and his associates have found that the most effective Organizations are those that balance people-oriented issues with task-oriented issues. R.E.Quinn has suggested that the best organizational culture is one that balances the major value groups.

Wheeler et al (2006) states that firms’ with strong organizational culture experience higher employee retention as well to improved satisfaction and commitment. Kopelman et al (1990) suggests that organizational culture influences the human resource activities which results to psychological climate that increases retention and commitment.

Torrington et al (2005) points that employees leave the organization if their expectations have not met which leads to turnover in addition to deteriorated reputation in the labour market. Taylor (2002) suggests that the job preview should communicate both the positive and negative features of the job and exactly what the job holds.

8. IMPACT OF EMPLOYER BRANDING ON EMPLOYEE RETENTION

According to a study conducted by Hewitt Associates, The Conference Board and The Economist (2009), there are three major benefits of strengthening Employer brand they are:

• Enhanced attraction
• Retention
• Engagement

The Sears study concluded that a 4 percent increase in employee satisfaction would translate into more than $200m in additional revenue. An employer brand can be used to help organisations compete effectively in the labour market and drive employee loyalty through effective recruitment, engagement and retention practices.

All organisations have an employer brand, regardless of whether they have consciously sought to develop one. Their brand will be based on the way they are perceived as a ‘place to work’, for example by would-be recruits, current employees and those leaving the organisation. To be effective, the brand should not only be evident to candidates at the recruitment stage, but should inform the approach to people management in the organisation. For example, the brand can inform how the business tackles: induction, performance management and reward.

Evans Sokro (2012) emphasised that Employer brand equity is the desired outcome of employer branding activities. In other words, potential or existing employees will react differently to similar recruitment, selection, and retention efforts from different firms because of the underlying employer brand equity associated with these firms.

A research conducted by Copenhagen Business School (2009) studies show that 65 percent of candidates are attracted to an employer because of the brand image, while the same study shows that 62 percent of employees leave an organisation because of the inconsistency of the brand image and the reality experienced once employed (Copenhagen Business School, 2009). Every rational employee wants to work in a company that has excellent reputation and is highly talked about publicly. For this reason, it is not surprising that a great percentage of the respondents indicate that the brand name or image of their organisations were crucial in their decision to work with them.

Chew and Girardi (2008) concludes that there is a link between the rewards and retention by analysing the academic literature and recent studies. According to the study conducted by Universum (2014) among the students, they place higher emphasis on Remuneration and advancement. In India 30.3 percent focus on the monetary factors, 24.9 percent focus on Job characteristics, 23.1 percent focus on employer reputation and image (Employer Branding) and rest 21.8 percent of the respondents concentrate on people and culture.

9. CONCLUSION

Employer Branding aims to create a strong employment brand which has a positive impact on the performance of the business. A strong Employer Brand will create a brand equity which results in positive outcome of increased employee loyalty (Retention). Literatures strongly show that the employee engagement has a strong relationship with increase in retention rates. The aim of Employer Branding is to clearly and truthfully communicate the existing organizational culture so as to attract and retain the potential employees. Employer branding have the capabilities to reinforce the complete employment experience.

Communicating clearly the benefits such as training, promotion opportunities and working condition with the employer value proposition will help in maintaining the employer brand promises. Hence by enhancing the employment experience of working for a company and by developing value for employees leading to loyalty employee retention can be increased.

REFERENCES

Books


