

The Impact of Employer Branding on Organizational Commitment in Indian IT Sector

^{1*}Ravindra Sharma, ²Prof. Vipul Jain, ³Prof.S.P.Singh

Research Scholar Uttarakhand Technical University and
Assistant Professor Swami Rama Himalayan University, Dehradun,

²Associate Professor, SGRR,ITS, Dehradun

³Professor, Gurukul Kangri Vishwavidyalaya, Haridwar
Corresponding Author: Ravindra Sharma

Abstract: The purpose of the present research is to test the impact of employer branding on organizational commitment. To this end, a survey was conducted on a sample of 150 employees working in IT sector, India. The paper employs Pearson's *r* and multiple regression analysis to determine the effect of employer branding on organizational commitment. The study understands the role of employer branding from existing employees' perspective in a developing nation like India.

Date of Submission: 08-01-2018

Date of acceptance: 26-01-2018

I. Introduction

The world economic order is changing rapidly. Evolutionary changes are taking place at revolutionary speed, largely pushed by strong external forces, arising out of a desire to increasing competitiveness and efficiency (Geringer et al. 2002). Everyone today is talking about employer branding. Employees are becoming savvy about their workplace brand, thanks to the increasing use of social media and Internet. Various websites like Glassdoor.com, Salary.com and PayScale.com enable employees to compare salary and company ratings. Such an environment has created challenges for an organization to attract and retain its workforce. Recently, fierce competition amongst the industries has forced the organizations to differentiate themselves from the competitors by providing the employees with certain 'package of benefits'. This, in turn, helps the organizations to earn the label of 'great place to work' and 'most attractive employer' (Tanwar, 2017). In the current employment environment where 'the war for talent' has intensified, employer branding is fast emerging as a strategic HR tool to attract and retain talented workforce, which in turn helps an organization deliver better service quality to the customers (Rampl & Kenning, 2014). It is a new discipline that has emerged in the recent past and is being used by the firms to promote inside and outside, a clear view about what makes it different and desirable as an employer (Backhaus & Tikoo, 2004). Employer branding is a contemporary research topic in HR literature and has captured a lot of attention in recent years. With the growing competition, it has become difficult for organizations to manage their human resources effectively. In order to attract and retain the right candidate organizations have opted for employer branding strategy (Figurska & Matuska, 2013). Employer branding helps an organization in identifying the important attributes that are embraced by potential and existing employees (Jiang & Iles, 2011). These attributes are termed as 'package of benefits' which are marketed both internally and externally in order to earn the label of 'most attractive employer'. Thus, employer branding offers a unique employment experience to existing and potential employees (Edwards, 2009). Chhabra and Mishra (2008) have defined EB as the process of creating an identity and managing the company's image in its role as an employer. EB is used not only to transfer the message of the personality of a company as an employer of choice, but it also has been used to adapt the tools and techniques usually used to motivate and engage employees.

Another construct that has been taken up in the study while considering EB is organizational commitment (OC), which is considered the competitive advantage for the employer while enabling employees feel comfortable and remain in the organization (Cable and Turban, 2001). Organizational commitment, as an attitude, has been defined as the relative strength of individual's identification with, and involvement in, a particular organization (Mowday et al. 1979; Allan and Meyer, 1990). Previous research has identified the behavioural outcomes of organizational commitment in the form of increased performance and reduced turnover (Anderson, Coffey, & Byerly, 2002; Aryee, 1992; Wayne, Musisca, & Fleeson, 2004). But the question here is whether employer branding helps in creation of a committed workforce. It is, however, known that organizations having a positive brand are able to attract and retain employees (Michaels, Handfield-Jones, & Axelrod,

2001). But analysis of past literature indicates that very few studies have studied the relevance of employer branding towards generating organizational commitment (Lenolo & Mardianty, 2009).

Also, the studies on employer branding and organizational commitment have been conducted in the West, leaving a lot of scope for its examination in a developing nation like India. In this regard, the aim of the present study is to examine the relationship between employer branding and dimensions of organizational commitment. In other words, the present study tries to bridge the gap by analyzing whether a branded organization is able to create commitment among employees.

In order to analyze the effect of employer branding dimensions on organizational commitment, the present study has selected IT sector as a case study because Indian IT industry is facing the biggest challenge of retention of employees. Most of the large IT firms started reporting rise in employee turnover since January–March 2013. Since then the trend is continuing till date. TCS, Infosys and Accenture are a few companies where employee attrition has become a major concern. Thus, the IT industry which employs more than 3 million people is facing a major challenge of losing talented employees to start-ups and new age digital firms. Under such circumstances, it becomes very important for companies to resort to talent strategies. The rest of the article is structured as follows: First, the study reviews the theoretical background of employer branding and its dimensions. Next, the study proposes the conceptual framework and hypotheses development. Finally, the study empirically tests these hypotheses and concludes with a discussion.

II. Literature Review

For the development of conceptual model, a review of literature was conducted on employer branding, its dimensions and organizational commitment. Ambler and Barrow (1996) conceptualized the idea of employer branding in their article, 'The Employer Brand', as the package of functional, economic and psychological benefits provided by employment, and identified with the employing company. As discussed by them, the role of employer branding is attraction, retention and commitment of employees. Employer branding, thus, acts like an adhesive that helps in bonding various organizational outcomes like employee attraction, retention, satisfaction and commitment (Kumar & Krishnaveni, 2008). In the present study, organizational commitment has been chosen as the desired employer branding outcome, as organizational commitment is considered as an important element in retaining employees in the organization. Thus, the purpose of the research is to examine the relationship between employer branding and organizational commitment dimensions. According to Khanolkar, 2017 employees in IT sector like to be associated with organizations with modern adventurous outlook and want their employer to be supportive and trustworthy. They also attach high level of importance to their workplace to be perceived as stylish and prestigious. Employer branding increases self esteem among employees and create strong organizational commitment (Lievens et al., 2007). Branding create trust and loyalty among the employees (Holidays, 1997). Castro et al. 2005 examined that employer branding maintaining the high level of commitment among employees. Yang et al. 2015 findings indicated that employer branding shape employee attitudes and behavior which impact on commitment of employees and organizational performance and effectiveness of organization.

Han et al. 2010 emphasized the employer branding Increasing the level of employees' commitment which indirectly helps to reduce the problem of absenteeism, high turnover rate and bad attitudes of the employees towards their job. When employees are satisfied with their job, the organizational performance will increase, because job satisfaction usually associated with increased productivity and organizational effectiveness.

Therefore, branding strategies should take into account not just external customers but also internal ones; businesses should seek to attract, retain and commit employees to the corporate mission by satisfying their needs and wants (Thomson et al. 2005; Punjaisri et al., 2008). Employer branding has also shifted towards the delivery of emotional benefits to achieve employee commitment (Kimpakorn and Tocquer, 2009). This affective commitment can then lead to desirable behaviours such as willingness to help or propensity for further development (Burmam et al. 2009). Throughout the varied processes and activities collectively referred to as "employer branding", employee commitment to the employer brand is a key indicator of the state of the relationship between the employee and the employer (Fernandez-Lores, 2012). He said that employer branding has become increasingly important as a source of sustainable competitive advantage and companies are trying to engender affective commitment in the best employees in a global labour market. Bakhaus and Tikoo, (2004) company employer brand image helps in providing opportunities and a team-based culture, commitment and other corporate attributes which is essential for performance and effectiveness (Edwards, 2010). Ito et al. 2013 examined the relationship between employer branding and organizational commitment. Findings revealed that employer brand is used both to attract potential employees and to ensure that current employees are committed to the organization. Employer brand is about deciding what kind of employer a company needs to be and —provides a consistent framework for management to simplify and focus priorities, increase productivity and improve recruitment, retention and commitment. Hence, employer brand has tremendous power to serve as a

platform for defining culture and designing talent strategies to increase performance. Ritson (2002) suggests that companies with strong employer branding can potentially reduce the cost of talent acquisition, improve employee relations, increase employee retention and even offer lower salaries for comparable staff. Practitioner authors agree that long-term corporate success and an organization's prosperity depends on how well the firm is able to target, manage and develop talented people (Cheese, Thomas, & Craig, 2008). Organizational commitment generally means employee's acceptance of organizational values and goals and their willingness to go for an extra mile to achieve those goals on behalf of the organization (Miller & Lee, 2001). As defined by Mowday, Porter and Steers (1982), organizational commitment is the relative strength of an employee's involvement and identification in a particular organization. Employer branding helps in generation of organizational commitment. A strong employer brand enhances organizational commitment levels when employees start identifying with the values that comprise the organization (Ind, 2003). There have been a few studies in the past which have emphasized upon the role of employer branding in generation of organizational commitment (Hanin, Stinglhamber & Delobbe, 2013; Kimpakorn, 2009; Lelono & Martdianty, 2013; Storsten & Ampuero, 2013). A good strong employer brand motivates the employees to work harder to pay back to the firm. Thus, a well-managed employer brand enhances employee satisfaction, engagement and productivity efficiency (Xia & Yang, 2010). Thus, from the above discussion it can be said that employer branding is positively associated with organizational commitment. Also, the literature suggests that there is a need for further exploration of employer branding concept as organizational commitment tool. Thus, we propose: **H:** There is significant relationship between employer branding and organizational commitment. Also, employer branding will significantly predict organizational commitment.

III. Methodology

3.1 Sample

The study was conducted on a sample of 150 employees working in IT organizations. Convenient purposive sampling procedures were used to collect data from professionals. Data were collected through a questionnaire related to employer branding and organizational commitment. The questionnaire also sought personal information such as name, age, gender, educational qualification, occupation, marital status, designation and work experience. Descriptive statistics of the demographic variables (gender and marital status, educational qualification, work experience) are shown in Table 1

Table 1: Frequency Table for Demographic Variables Taken up in the Study

Demographic variable	Frequency	Percent
G e n d e r		
Male	90	60
Female	60	40
Total	150	100
M a r i t a l s t a t u s		
Married	125	83.3
Unmarried	25	16.6
Total	150	100
E d u c a t i o n a l Q u a l i f i c a t i o n		
Graduate	120	80
Postgraduate	30	20
Total	150	100
A g e		
25-40	45	30
41-56	60	40
57-72	45	30
Total	150	100
W o r k - E x p e r i e n c e		
1-15	45	30
16-30	60	40
31-45	45	30
Total	150	100

3.2 Instruments

The data for the study was collected by administering two measuring instruments. A brief description of each scale has been given as under:

3.3 Employer branding have been measured by 25-items scale developed by Berthon et al. 2005. The scale identifies five dimensions. The reliability coefficients for these dimensions are .91, .91, .89, .91 and .91 respectively. Participants were asked to respond on a 7-point Likert scale (anchored on 'to a very little extent' and 'to a very great extent').

3.4 Organizational Commitment

OC have been measured by 18 items scale developed by Allen and Meyer (1997). This scale identifies three dimension such as affective commitment (positive emotional attachment to the organization), continuance commitment (member’s psychosomatic attachment to the organization) and normative commitment (based on the individual’s sense of moral requirement to the organization). The reliability of the organizational commitment scale by Cronbach’s alpha is .79. Participants were asked to respond on a 5-point Likert scale.

3.5 Statistical Analysis

The obtained data were subjected to a number of statistical analysis pertinent to Pearson’s product moment method and multiple regression analysis to examine the effect of employer branding on organizational commitment.

Table 2. Mean, Standard Deviation and Inter-correlation between Dimensions of employer branding and Dimensions of organizational commitment (N = 150)

S. No	Variables	Mean	S . D	1	2	3	4
1.	Employer Branding	3 . 5 7	. 6 5 7	1			
2.	Affective Commitment	3 . 8 6	. 6 8 7	. 4 4 **	1		
3.	Normative Commitment	3 . 7 1	. 5 9 7	. 3 8 **	. 5 2 **	1	
4.	Continuance Commitment	3 . 8 3	. 6 3 1	. 4 8 **	. 6 0 **	. 5 6 **	1

Source: Authors’ own

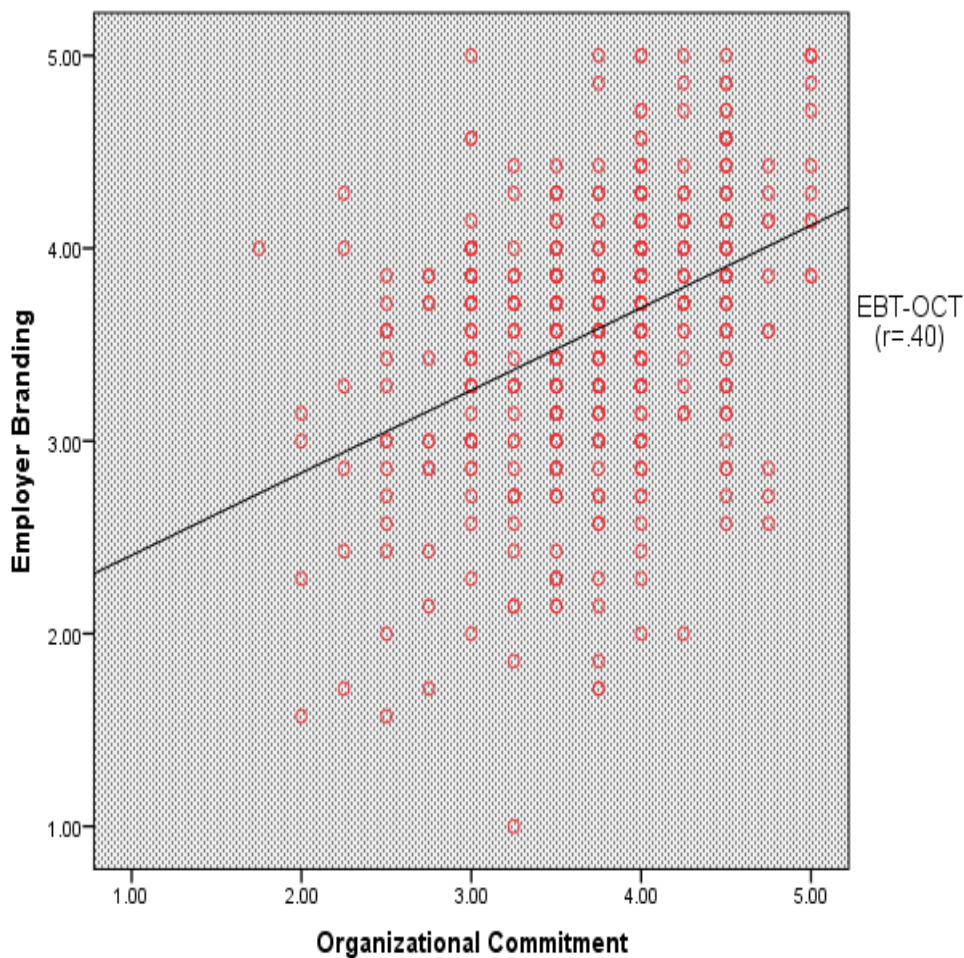


Figure 1 Relationship between Employer Branding and Organizational Commitment

Table 3: Multiple Regression Analysis Showing OC Dimensions as Dependent Variable with the Dimensions of EB as Predictor Variables (N = 150)

V a r i a b l e s	R	R ²	S E M	F - V a l u e	D . F	β - V a l u e
D.V: Organizational Commitment	. 4 0	. 3 8	0 . 3 6 4 4	6 9 . 4 2	1 , 1 4 9	. 6 3

3.6 Analysis

It can be observed that our hypothesis is generally supported by the correlations between each of the independent variables and the dependent variables; the strength of this relationship varies widely between 0.38 (lowest) and 0.60 (highest) (see Table 2). A significant relation has been found between EB (employer branding total) and OC (organizational commitment total) (on over all basis) with the calculated correlation value $r = 0.40^{**}$ ($p < 0.01$ level). Their relationship of EBs and OCs (on overall basis) has been displayed through graph (see Figure 1). On the basis of result table 3, the results of multiple regression reveal that employer branding predicted organizational commitment, with multiple R as .40 ($F=69.42^{**}$, $p < .01$, $\beta = .63$, $R^2 = .38$) and accounted for 38% variance in the prediction of organizational commitment. On the basis of obtained results we can say that hypothesis 1 has been retained at .01 level.

IV. Discussion

Table 3 represents that employer branding lead to organizational commitment. Findings indicate that employer branding provide an image to the organization as the best place to work, employers have to provide the package of functional, economic, social and psychological benefits and by attracting and retaining the best talent a company can accelerate their employee motivation (Dell et al. 2001; Copenhagen Business School , 2009). Therefore, employer branding influence satisfaction and commitment among employees. The above results show that employees in general like to be associated with organizations with modern adventurous outlook and want their employer to be supportive and trustworthy. They also attach high level of importance to their workplace to be perceived as stylish and prestigious. Employee branding delivered value to the organization as well as employee (King and Grace, 2009). It is clear from Table 3 that the employer branding strongly predict organizational commitment. The findings imply that employer branding at the workplace motivate and empower the employee to provide the secure job and promotional opportunities for continuous learning with a range of diversified satisfied needs of employees and they believe have to stay with organization (Wallace et al. 2014). Findings identified that employer branding involve less employee turnover, enhanced employee satisfaction, enhanced commitment and favorable reputation in the market place (Miles and Mangold, 2005)..

V. Conclusion

This paper empirically tests the relationship between EBs and OC while considering the two constructs as whole, as well as examines the link between the various aspects of EB and dimensions of OCs. This two-fold examination makes this a unique study that contributes immensely to existing body of literature. While findings suggest that EBs (as a whole) influence OC (as a whole). With respect to the commitment of the employees towards the organization, the commitment in achieving the organization's goals and finally the removal of policies of absenteeism from the organization and achieve maximum retention of employees through employer branding is possible in IT sector.

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Ravindra Sharma. "The Impact of Employer Branding on Organizationalcommitment In Indian IT Sector." *IOSR Journal of Business and Management (IOSR-JBM)* 20.1 (2018): 49-54.